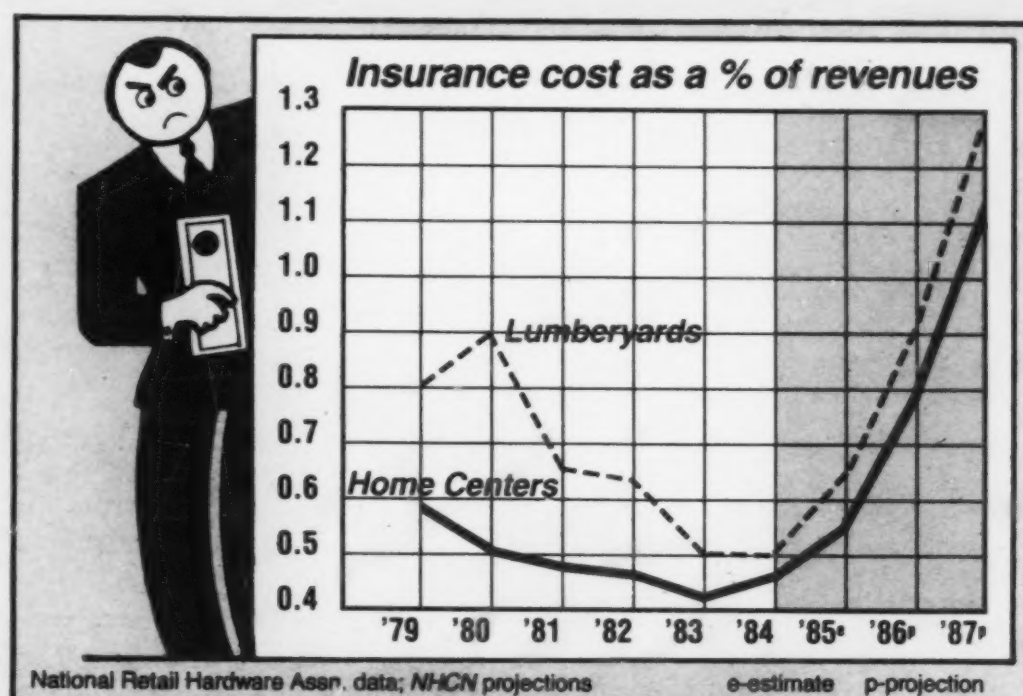


Merchandising feature:
Paint and sundries—pp. 23-51

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National Home Center News

Vol. 11, No. 24 \$2 a copy The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. November 18, 1985



Insurance costs for home center retailers are likely to double by 1987, as insurers attempt to offset mounting net losses. In some cases, dealers are seeing 300% premium increases.

Rising insurance costs shock home center owners

By Milford Prewitt
NHCN associate editor

NATIONAL REPORT — When an arsonist torched Wheat Ridge Lumber Co.'s 21,000-sq.-ft. showroom in suburban Denver last March, company owners could not have envisioned that the \$1 million fire was just the beginning of their troubles.

Just two months later, in what was called an "extremely unusual" occurrence, Wheat Ridge's insurance carrier, Transamerica Corp., canceled the two-unit independent's

(Continued on page 75)

HomeClub issues 2M shares; 18 new stores slated for 1986

Industry slump forces lowering of price to \$9

By Brad Altman
NHCN associate editor

FULLERTON, Calif. — HomeClub Inc., which has opened 14 discount membership warehouses in the past two years under private ownership, plans to open four more this year and 18 outlets next year as a publicly traded company in the aftermath of its first public offering late last month.

The initial public offering of two million shares of common stock at a price of \$9 per share raised \$18 million, far short of the original \$30 million fundraising target disclosed to NHCN by HomeClub president and ceo Robert McNulty this past summer (NHCN, Aug. 12, 1985).

However, the company's underwriting group, unable to interest Wall Street investors in buying shares in the \$14 to \$16

range, ultimately priced the deal at \$9 per share on Oct. 28. Trading NASDAQ over-the-counter under the ticker symbol HCLB began the following day.

Security analysts said HomeClub was hurt by the timing of its offering which took place during a period on Wall Street in which several DIY industry stocks have dropped to record lows.

Nonetheless, three days after HomeClub began trading OTC, the company's per-share price had climbed to \$9¼, an 8% increase from the \$9 opening. McNulty said the gain proved to him that HomeClub shares are "clearly undervalued."

He predicted a "run up" in the value of the stock. He said the \$9¼ price per share is about twice the company's book value—assets minus liabilities. He added, "In the long haul, the market will take the stock where it should be."

HomeClub's total expansion program in 1986 will cost from \$39.9 million to \$48.2 million. Company officials said they will

require approximately \$3 million to \$13 million in addition to the proceeds from the offering to complete the full 1986 expansion program.

The company said if it doesn't get this extra funding, it may elect to trim its 1986 expansion plan by not opening one to three of the 18 warehouses scheduled for California, Washington and Colorado.

This extra capital may be obtained through a revolving credit agreement with banks or debt or equity financings, according to a revised preliminary offering circular filed Oct. 21 with the SEC. This year's expansion—the chain added a dozen units—was fueled by a \$30 million private equity placement.

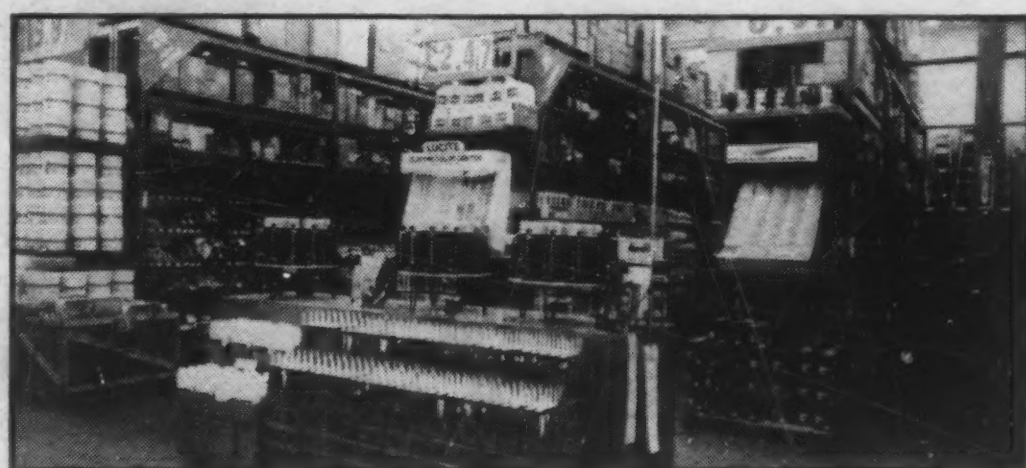
Morgan Stanley; Donaldson, Lufkin & Jenrette Securities Corp.; and Montgomery Securities, managers of the underwriting group, have an option to purchase up to 300,000 additional shares to cover overallocations. The offering could eventually raise \$20 million, not including commissions.

Western show canceled; low turnout blamed

ANAHEIM, Calif. — A sparse turnout of retailers and wholesalers at this year's Western Home Center & Building Supply Dealers Show contributed to sponsor/organizer Vance Publishing Co.'s decision to cancel the fourth annual show, which had been scheduled for the Convention Center here next Oct. 16-17-18.

John Berry, director of Vance's trade show division, said the third show, held this past September (NHCN, Oct. 1985), was a success.

(Continued on page 75)



As Evans Products' Chapter 11 proceedings wend their way through the courts, life in its retail stores goes on. The company is continuing to refine its units' layout and merchandise mix. The Lindsley chain has recently unveiled a new prototype in its West Hollywood, Fla., store. And Grossman's is renovating some of its warehouse units along the lines of its Lawrenceville, N.J., unit with an eye toward improving customer service and increasing decorator product sales. detailed on page 43.

NHCN photo

Evans loan terms extended pending U.S. court approval

By John Caulfield
NHCN senior editor

NEW YORK — Lenders reportedly have agreed to extend the terms of a \$50 million loan granted to Evans Products for the operation of its home center chains that was scheduled to expire Nov. 30. The extension is pending court approval.

Extensions and deadlines, in fact, have taken center stage in the Evans Products bankruptcy proceedings over the past few months. The U.S. Bankruptcy Court in Miami has or-

dered that all creditors must file any claims against Evans by Nov. 25. These claims are for monies owed by Evans prior to its bankruptcy filing on March 11.

The court has also ordered that Evans has until March 26, 1986, to file a plan for reorganization. Last month, officials for the company told the court such a plan could be submitted within four months' time.

The terms of the loan extension could not be confirmed as it

(Continued on page 75)

NEWSBREAKS

COAST-TO-COAST TO BUYOUT. Household International, parent of 1,079-unit Coast-to-Coast hardware, agreed Oct. 22 to sell its merchandising division to an investment group, in a \$700 million leveraged buyout.

TRUMP SPINS OFF DIVISIONS. The Trump Group, which operates Ernst Home Centers, will spin off three divisions—Schuck's Auto Supply, Lamonts Apparel and Bi-Mart discount/drug stores. They will be operated as Northern Pacific Corp.

Likes dismissed by Hager Hinge	—2	Canadian lumber legislation provides feast for Feds	—21
Mid-Cape lures DIYers	—3	Paint margins plummet	—23
National Home Center opens 230,000-ft. unit	—6	Power roller performance scrutinized	—41
Home resales drop in September	—10	Diamond brochures give ad preview	—53

Hechinger earnings pace falters as growth plan gains momentum

By Phillip M. Perry
NHCN senior editor

LANDOVER, Md. — While other home center chains have been hard pressed to maintain consistent performance in a volatile economy, officials of Hechinger are hoping to report the company's 43rd consecutive quarter of earnings increases later this month.

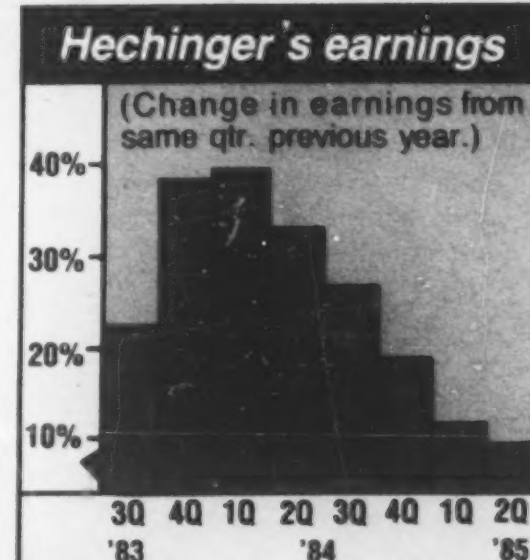
But this may be a tougher quarter than usual.

Hechinger continues to push forward with its aggressive store expansion assault. The 51-unit chain opened four units during the quarter, with each new unit sapping \$2.8 million in direct preopening expenses, excluding depreciable costs.

And with 10 more units slated by the spring of 1986, the company is expected to invest another \$39 million in the next two quarters, digging quickly into the \$132 million in cash the company has raised in recent stock and bond offerings.

All this is coming at a time when same store sales increases are softening, resulting in successively smaller increases in quarterly earnings comparisons, which have reached the single digit level. Hechinger's earnings of \$7,215,000 for the second quarter that ended Aug. 3 were 8% above those of the same quarter the previous year.

(Continued on page 5)



Depressed by a softening in same store sales increases, Hechinger's quarterly earnings comparisons have fallen to the single digit level.

Source: Corporate reports; NHCN chart

NHCNews Briefs

Industry Update

Hines' liquidation sale approved

CHICAGO — Edward Hines Lumber Co. stockholders approved the previously announced plan of liquidation last month including the \$28 million cash plus stocks sale of its 26 Chicago retail outlets to president Ed Hines and his family, according to Howell H. Howard, chairman.

Howard said 86% of the stockholders voted for the plan during a meeting that lasted 26 minutes.

Hines, who could not be reached for comment, was scheduled to close on his purchase on Nov. 1, Howard said. The chairman said that on Nov. 2, the Edward Hines Lumber Co. was to start planning a schedule for the liquidation of the rest of the company which includes nine Kindt stores, four distribution centers, the large distribution center in Chicago called "the main yard," where the company was founded, the mill-work plant and Southern Mineral Corp., Howard said.

The liquidation could take as much as a year and a half.

Courtesy tops off '85 expansion

MOUNT PROSPECT, Ill. — Just six months after Courtesy Home Centers opened its 90,000-sq.-ft., unit in Skokie, the company started construction of its sixth unit, scheduled to open next March in Chicago.

Courtesy president Zangwill Munies said the new store, its second in Chicago, will be located at 5200 So. on Pulaski Road on a 10-acre site owned by the company. The store, however, will rest on just 6.5 acres with a small shopping center—of which Courtesy is a major stockholder—being built adjacent to it.

This newest store, which will be similar to the Skokie unit, concludes the Mount Prospect-based retailer's 1985 expansion schedule. Munies declined to discuss his plans for 1986.

In addition to the construction of the new store, Courtesy is adding 10,000-sq.-ft. to its corporate offices and will soon expand the capacity of its computer system to further support its future expansion.

Builders Sq. opening 5 units

SAN ANTONIO — Builders Square was scheduled to open five units in four states in November, raising the chain-wide count to 30 units and completing its 1985 store-opening program.

Mid-November openings for the K mart subsidiary were slated in Oxnard, Calif., where Builders Square is opening its second California unit in a former Zody's discount store; in Las Vegas, Nev., where Builders Square is entering the market by retrofitting a former Woolco outlet; and in Houston, where the retailer will open its eighth outlet in that market, a build-to-suit at I-10 and Federal Hwy.

On Nov. 1, Builders Square opened two units in the Chicago market, raising its store count there to five outlets. The new units are 80,000-sq.-ft. build-to-suits located in Elgin and Tinley Park.

'Juan' causes little store damage

NATIONAL REPORT — The estimated \$1 billion in damage done by Hurricane Juan as it hopscotched along the Gulf Coast left home center retailers in small coastal cities with varying degrees of flood and wind damage, while leaving those in larger cities relatively unharmed.

The seven-store chain of Martin Home Centers, based in Alexandria, La., experienced flooding at stores in Lafayette, Lake Charles, Jennings and Thibodeaux during the final week of October.

In Thibodeaux, William Frost of Frost Lumber said his store sustained some wind damage that would result in several thousand dollars worth of repairs to a shed and in losses from water-damaged lumber.

A spokesman for Morrison Home Center in Houma said there was no damage to his store, but reported damage to the Chauvin Brothers store in nearby Chauvin, but there was no answer at the store to confirm that report.

Retailers in New Orleans and Baton Rouge reported no damage to their locations.

Arson Suspect in Oct. Lloyd fire

NEWTOWN, Conn. — State and local fire marshalls suspect arson was the cause of a fire last month that destroyed a Lloyd Home and Building Center store here.

The Oct. 5 blaze destroyed the building and caused an estimated \$1 million in damage, according to the state fire marshal's office.

Sgt. Michael Whelan of the Connecticut fire marshal's office in Meridan, Conn., which is working with Newtown fire marshal George Lockwood on the case, said the fire was of a "very suspicious nature. It's still under investigation."

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Retail sales for building material and hardware stores stabilizing

WASHINGTON — After some early summer gains, retail sales from building materials and hardware stores are stabilizing. But dealers continue to build up their inventories, albeit slowly, in anticipation of strong business over the next several months.

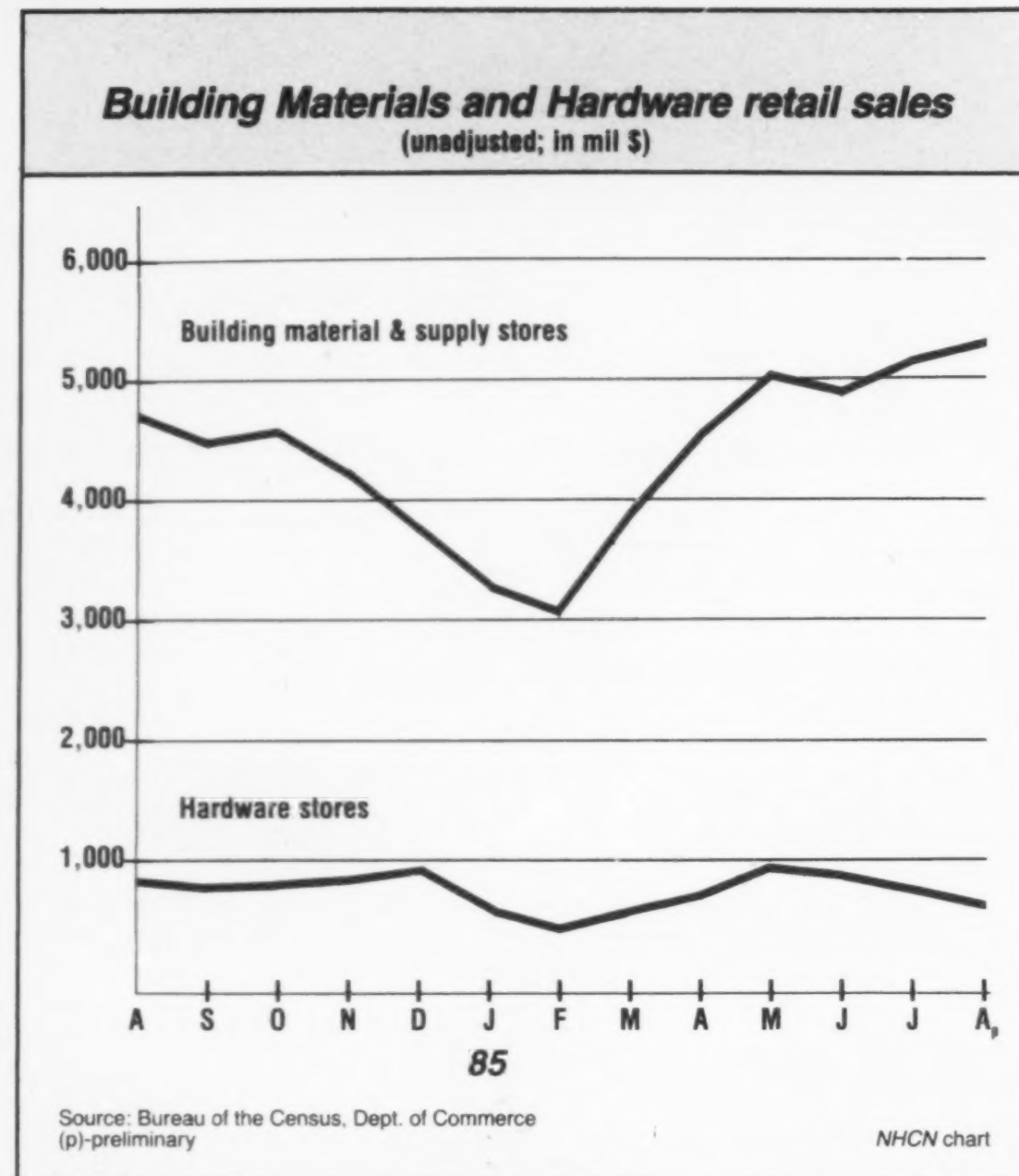
Unadjusted preliminary sales from building materials and supply stores in August rose 8.3% above the same month last year to \$5.105 billion. Hardware store sales increased a more modest 3.6% compared to the same period in 1984 to \$868 million, according to data released by the Commerce Department.

Seasonally adjusted, preliminary sales in August for building materials units were \$4.494 billion, a 9.1% gain over the previous year, while hardware stores' revenues grew 4% to \$853 million.

However, these figures represented only marginal gains over the previous few months, as sales from building materials and hardware stores have essentially been flat since May. In fact, hardware store sales have not changed dramatically.

Building materials retail volume, though, had been taking a nosedive from late last year until February, when the sale trend reversed itself. Over the next several months, business in this retail sector climbed briskly each month, until reaching its current leveling-off point in May at \$5.024 billion.

For the first eight months of 1985, unadjusted sales for building materials and supply stores are up 6.5% over the same period a year ago to



Fluctuations in the retail building products market appear to have subsided as industry store sales level off.

\$34.846 billion. Hardware store volume through August—the latest month reported by the Commerce Department—has increased 4.9% to \$6.534 billion. On a seasonally adjusted basis, building supply sales jumped 6.4% to \$34.815 billion, while hardware store revenue rose 4.9% to \$6.641 billion.

It does seem that retailers are optimistic about the sales prospects, if inventory levels

are any indication of projected future sales. Preliminary end-of-year inventory levels for building material, hardware, garden supply and mobile home dealers increased in August 7.5% to an unadjusted total of \$13.005 billion. Seasonally adjusted, inventory levels for these dealers increased 7.6%.

The Commerce Dept. does not break out inventory levels for individual retail sectors.

Likes dismissed by Hager after 32 yrs.

ST. LOUIS — Henry Likes, who had been employed at Hager Hinge Co. here for 32 years, was dismissed from that company effective Oct. 28.

Likes, 57, was the company's senior vice president of sales at the time of his departure. He declined to comment about the company's action "on the advice

of my attorney."

Rusty Hager, Hager Hinge's president, also refused to say why Likes was let go, except to note that the company was preparing a statement about the circumstances for release over the next few weeks.

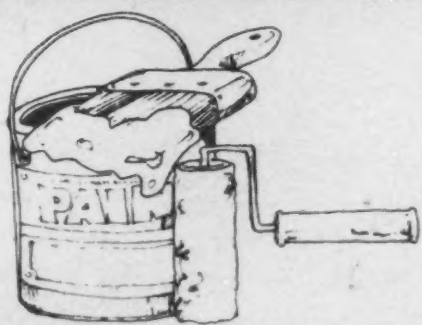
Likes is one of the best-known executives in the hard-

ware industry, and has been very active with the American Hardware Manufacturers Assn. He served as AHMA's president for 1983 and 1984, and currently sits on its board of directors.

In a telephone conversation with NHCN, Likes said he did not have another job lined up.

Highlights in this issue

MERCHANDISING



- Paint margins plummet —23
- DIY skill plays role in where paint is bought —38
- Performance of power rollers scrutinized —41
- Retailers report excellent growth in sundries dept. —41
- Grossman's unveils New Jersey warehouse retrofit —43
- Two paint brands stand out in survey —51

ADVERTISING & MARKETING

- Advance ad brochures give preview, product info. —53
- Location shots at Hancock will be featured on "This Old House" —53
- All American sees success in private-label credit card —53
- Hechinger answers DIYers' queries at new N.Y. stores —53
- Kempsville eclipses big guys with Va. "Beach Book" ad —56
- Courtesy celebrates 62nd with "beasts" —58
- Pergament tests tab color photography —58
- Masterlock sponsors NBA —57

Feature Product

- Bell & Howland's new paint line
- Master's new paint line
- Master's new paint line
- Master's new paint line
- Master's new paint line

Set Reported Items for Emergency Shoppers

- Bell & Howland's new paint line
- Master's new paint line
- Master's new paint line
- Master's new paint line
- Master's new paint line

Additional Sales Items

- Bell & Howland's new paint line
- Master's new paint line
- Master's new paint line
- Master's new paint line
- Master's new paint line

POWER SELLING

Never get mad at customers for knowing more about your new hardware than you do. It's not their fault.

DIAMOND

INDEX

Ad Angles	57
Calendar	66
Classified	72
Editorial	8
Financial News	5
Housing Watch	10
Lumber Report	21
New Products	65, 68-71
People	12
Washington View	8

SYSTEMS & OPERATIONS

- PCs offer advantages beyond financial arena —61
- New software outfits sawmills from inventory to sales —63



Mid-Cape alters course to fill sales

DIYers lured to buffer pending building decline

By Ken Schept
NHCN executive editor

SO. DENNIS, Mass. — Mid-Cape Home Centers executives designed the \$500,000 addition to their store here to address two threats: the potential decline in building on Cape Cod and increasing incursions from off-Cape competitors.

Another threat, however, was not anticipated—Hurricane Gloria. A half hour before

the grand opening planned for 8 a.m., Saturday, Sept. 28, power was still off.

"About five minutes to eight the power came on," said Maurice St. Germain, the store manager. "It gets tough putting up decorations in the dark."

For a company founded by a New England sea captain 90 years ago that in 1982 was listing badly from the weight of an

ill-conceived expansion plan, the power outage proved to be a minor glitch. Sales from the opening weekend were well over \$100,000, a substantial performance, according to gm Doug Bohannon.

Indeed, the new prototype, and the on-going strategy it reflects, reveal just how neatly the company has righted itself.

Mid-Cape produced \$39 million in sales from its eight stores last year, up 24% from a year earlier, and brought about 2% to the bottom line after taxes. Sales should be ahead this year, with profits remaining strong, according to William D. Durgin, vp-treasurer.

In addition, the company owns all of its locations but one, which means that significant assets—about 40 acres of prime Cape Cod real estate—are not shown on the balance sheet.

With locations that cover Cape Cod plus Nantucket, Martha's Vineyard and the Plymouth area; six outside salesmen; a fleet of about 50 trucks; a truss plant and a component home manufacturing division, which produced 8% of company sales last year, Mid-Cape would seem well positioned to benefit from the Cape Cod housing boom that saw starts reach a record 4,900 in 1984 compared with 2,585 in 1980.



A potential building decline and off-Cape competition have prompted Mid-Cape Home Centers to reposition for a heavier share of the DIY market, which includes prominent displays of appliances (above). Doug Bohannon, gm (inset), hopes such emphasis will double sales.

NHCN photos

Cost barely edges out 'pleasure factor' in DIYers' preference to pursue projects

Why homeowners undertake home improvement, repair and remodeling projects themselves:					
	DIY ability				
	Total answering (1,506)*	Beginner (106)*	Intermediate (628)*	Advanced (617)*	Expert (126)*
It saves money; I don't have to pay for someone else's labor	88.5%	86.8%	88.7%	89.0%	92.7%
I enjoy doing the work myself	83.9	56.6	80.9	92.5	87.3
It increases the value of my home	60.1	45.3	57.8	64.0	68.3
It's a learning experience; makes me a more capable and knowledgeable homeowner	60.1	59.4	67.0	61.1	26.2
It helps keep my home in its best condition	58.4	39.6	54.3	64.7	66.7
The money I save from doing the work myself enables me to buy better quality materials	57.7	37.7	53.5	64.7	65.9
It lets me personalize my home to suit my lifestyle	56.2	40.6	52.7	61.1	64.3
I can do it faster myself than by hiring someone	25.1	12.3	20.2	28.5	46.0

Source: New Shelter Magazine, Rodale Press Inc. NHCN chart

*number of those polled responding to the question

While saving money topped the list of DIYers' criteria in undertaking a project, other factors, such as enjoying the work, and gaining knowledge, ranked relatively high.

NEW YORK — A major new study of the nation's most serious DIYers reveals a number of surprising reasons beyond the desire to save money why homeowners tackle home improvement jobs themselves.

It also provides elaborate data on past and present home improvement activity among those consumers, and delineates to what degree the cost of a project becomes a factor in a person's doing the job. More important, the study breaks down its responses by the homeowners' shopping frequency, their

perceived DIY expertise, their age, household income and geographic locale.

The 411-page study, recently published by Rodale Press's *New Shelter* magazine, polled that publication's subscribers and was able to use a remarkably high 2,319 responses. The survey details consumer ownership and/or purchases of literally hundreds of hard lines and building products, and relates buying activity to a person's DIY proclivities.

It also shows how, even among those consumers who

hire a contractor to do a job, a high percentage select which product or brand name is used and which manifests a level of DIY involvement not usually tracked in studies about home improvement.

In a joint research agreement with *National Home Center News*, *New Shelter* broke down its statistics to track specifically the 1,648 readers who identified themselves as home center shoppers. Over the next several months, *NHCN* will publish some of these results within ap-

(Continued on page 76)

However, Cape Cod is changing. Overdevelopment is causing some municipalities to impose construction moratoriums that are expected to eventually slow building activity (*NHCN* June 17). For Mid-Cape, which derives 75% of its sales from contractors, a slow down in growth on the Cape has major strategic implications.

Like many building material retailers large and small, Mid-Cape has been turning to its repair and remodeling business as a hedge against sagging housing starts.

"A lot of homes that were built here in the 60's and 70's now need updating," said Bohannon.

The effort to capture that potential business was clearly taken another step in the So. Den-

nis store, which was increased in size by about a third to 22,000 stock sq. ft., making it the chain's largest unit. About 22,000 stock keeping units are carried compared with Mid-Cape's more typical 14,000.

A 14,000-sq.-ft. addition has an 18-ft.-high ceiling and is brightly lit with mercury vapor fixtures. It is adjacent to the original 7,500-sq.-ft. showroom, the basement of which had also been used to display merchandise but is now used just for storage.

The So. Dennis store does about \$1 million per month in sales but, because of the strong builder orientation, about two-thirds of that volume is derived from lumber and building materials, which are stocked in the

(Continued on page 74)

Show expansion decision set for Jan. 10: AHMA

McCormick wing may not be ready

SAN FRANCISCO — The American Hardware Manufacturers Assn. will decide by Jan. 10 whether its August National Hardware Show in Chicago will be expanded into the new 533,000-sq.-ft. addition to the McCormick Place exhibition hall, which is now under construction.

AHMA executive director, William Farrell, told delegates to the National Hardware Convention, held here last month, that construction delays could force containment of the show to the existing McCormick facility.

If the new building, known as McCormick North, is available, the show will be restructured by grouping product categories for the convenience of buyers, Farrell said.

The lawn and garden division will move to the new facility, mostly the upper floors, while hardware and building materials will be housed in the current McCormick building, Farrell said.

He also revealed that the association will be exploring the possibility of developing another annual event. A meeting between AHMA representatives and executives of the Home Center Institute is expected to be the first step in its development. The meeting is planned for sometime this month.

A new event and an expanded August show suggest an industry that is growing rapidly and, in fact, surviving in a rapidly changing industry, seemed to be the theme of the National Hardware Convention, which was held Oct. 20 to 23.

The AHMA co-sponsored the convention with the National Wholesale Hardware Assn. About 1,600 delegates attended, amid a note of reconciliation sounded by out-going AHMA

president Robert W. Brady.

"Some of the friends I have made in my 30 years in the business are not here today," he said in his address. "And some of them are among the victims of the change we are undergoing."

"I think we are all talking again," he added later, "and that there is a real awareness that we need each other and that, by working closely together, we mutually benefit."

It has become apparent, said Brady, "that no one type of retailer is going to satisfy the wants of all customers." He added that, "For some, price will be the dominant factor in assessing value; for others, quality and service; for some, brand name; for others, convenience."

Speakers at the convention's general session addressed the need to go beyond price in marketing a product, to differentiate an item with a variety of value-added services.

D. Bruce Merrifield Jr., president of Merrifield Consulting Group, suggested that most products are really commodities and therefore the extra services are the products' distinguishing characteristics. In fact, said Merrifield, probably only 5% to 10% of buyers select a product for price alone.

He noted that some retailers have become vulnerable to "strip and shop" activity by consumers who tap full-service operations for product information but spend their money at price outlets. He offered ways to protect against this phenomenon by, for instance, putting a value on the information and charging for it.

Merrifield, who owns a wholesale company, argued that the value-added services a wholesaler provides, such as reducing the retailer's carrying costs and paperwork, can often

(Continued on page 76)

Home centers rated first stop to shop by Houston DIYers

By Laura Liebeck
NHCN field editor

HOUSTON — Although Houston has a largely flat economy due mostly to a depressed energy industry, the mood among home center retailers here is optimistic.

And while the five-unit Walker-Kurth failed earlier this year and Boise Cascade, with 10 local outlets is withdrawing by next year, retailers continue to invest their time and money in Houston.

Builders Square just opened its ninth unit here and plans to open two more; The Home Depot entered the market with four stores in May and plans at least another three for the city; Handy Dan has 22 outlets in Houston with several more on the way; Furrow added three this year for a total of 13; and Olshan's, a local independent, opened its second store this year.

This activity coincides with the latest findings of a consum-

er survey done for *National Home Center News* by Leo J. Shapiro & Assoc., Chicago.

The report, which polled 1,482 people who spent more than \$40 last year on home improvement products in seven active home center markets—Houston, San Bernardino, Phoenix, Chicago, Columbus, Long Island and Virginia Beach—revealed the following:

- Houston is a really strong home center market. Seven out of 10 consumers polled in the

study reported that when they need home improvement products, they go first to a home center. Also, hardware and discount stores are weak performers in this market for DIYers, but, as usual, Sears is a strong contender;

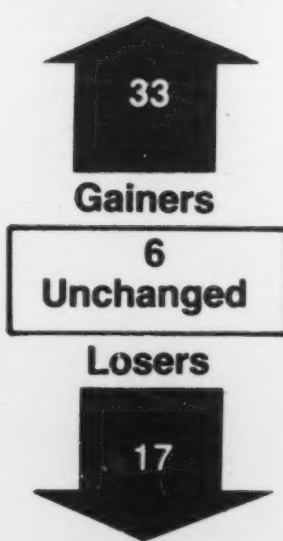
- Given the city's sprawling terrain and notorious traffic congestion, location was the most important factor in securing customer business;
- The company with the most number of stores in the market,

Handy Dan, with 22 locations, is the retailer Houston residents go to most often to make their home improvement purchases;

- Six out of 10 Houston consumers said they would spend less on home improvement products next year and of the one-third who said they would do a DIY project in the next 12 months, 61% said no particular store is likely to get more of their money than another;

(Continued on page 76)

FINANCIAL NEWS



Gainers outnumbered percentage-price losers, 33 to 17, with six stocks unchanged on the Home Center Industry Market Summary for the two weeks ended Nov. 1.

Home center issues held steady in relation to a general market rally that boosted the Standard & Poor's 500 Index to 191.53, up 14.4% over its year-ago figure. However, the home center price gainers were dominated by manufacturers and suppliers to the industry. Manufacturer stocks represented the top 13 price gainers for the period. Scotty's, up 3% to \$13 on a two-week volume of nearly 1.6 million shares, was the only home center retailer among the top 15 gainers.

Homecrafters Warehouse, which plans to close or sell all four of its warehouse outlets in Denver and two in Nashville (NHCN, Nov. 4), dropped 17.2% to \$3 on 702,000 shares traded during the two-week period.

Evans Products (see story, page 1) was off 14.3% to \$1.50 on 1.4 million shares traded; National Lumber fell 9.1% to \$5 on a two-week volume of 388,000; Payless Cashways was off 6.8% to \$13.75 on over 12 million shares traded; Wolohan Lumber slipped 4.2% to \$5.75 on 334,000 shares traded; and Home Depot was off 3.4% to \$10.75 on a two-week volume of 3.4 million shares.



The Retail Stock Index is calculated for each of the past 52 weeks by multiplying the market value of home center issues (combined price divided by total shares outstanding) by a constant which adjusts the index to show its relation to performance of S&P 500 Index over the past 52 weeks.

MOST ACTIVE STOCKS

Company & Market	Total 2-Week Volume	Volume Trend Change	2-Week Price Change
	(100)	%	%
Forest City Ent A	1,080	709.1	- 1.6
Pope & Talbot N	1,549	529.3	11.3
Evans Prod N	1,432	333.3	- 14.3
SW Forest Ind N	6,619	302.8	8.2
Grace W R N	14,963	285.0	- 1.0

Company & Market	Total 2-Week Volume	Volume Trend Change	2-Week Price Change
	(100)	%	%
DeSoto Inc N	769	265.9	.0
Newell Co N	1,398	252.2	6.7
Pottlatch Cp N	3,165	249.2	2.9
Std Bld Pnt N	5,736	240.4	.6
Georgia-Pacific N	29,837	237.2	.6

TOP GAINERS

Company & Market	2-Weeks Ended 11-1-85	2-Week Price Change	Total 2-Week Volume
	\$	%	(100)
Waxman Ind M	12.75	13.3	947
Pope & Talbot N	19.75	11.3	1,549
Emhart Corp N	29.25	9.3	1,837
SW Forest Ind N	13.25	8.2	6,619
Lewis Palmer M	7.25	7.4	481

TOP LOSERS

Company & Market	2-Weeks Ended 11-1-85	2-Week Price Change	Total 2-Week Volume
	\$	%	(100)
Homecrafters Whse M	3.00	- 17.2	702
Evans Prod N	1.50	- 14.3	1,432
Natl Lumber M	5.00	- 9.1	388
Payless Cash N	13.75	- 6.8	12,095
Wolohan Lumber M	5.75	- 4.2	334

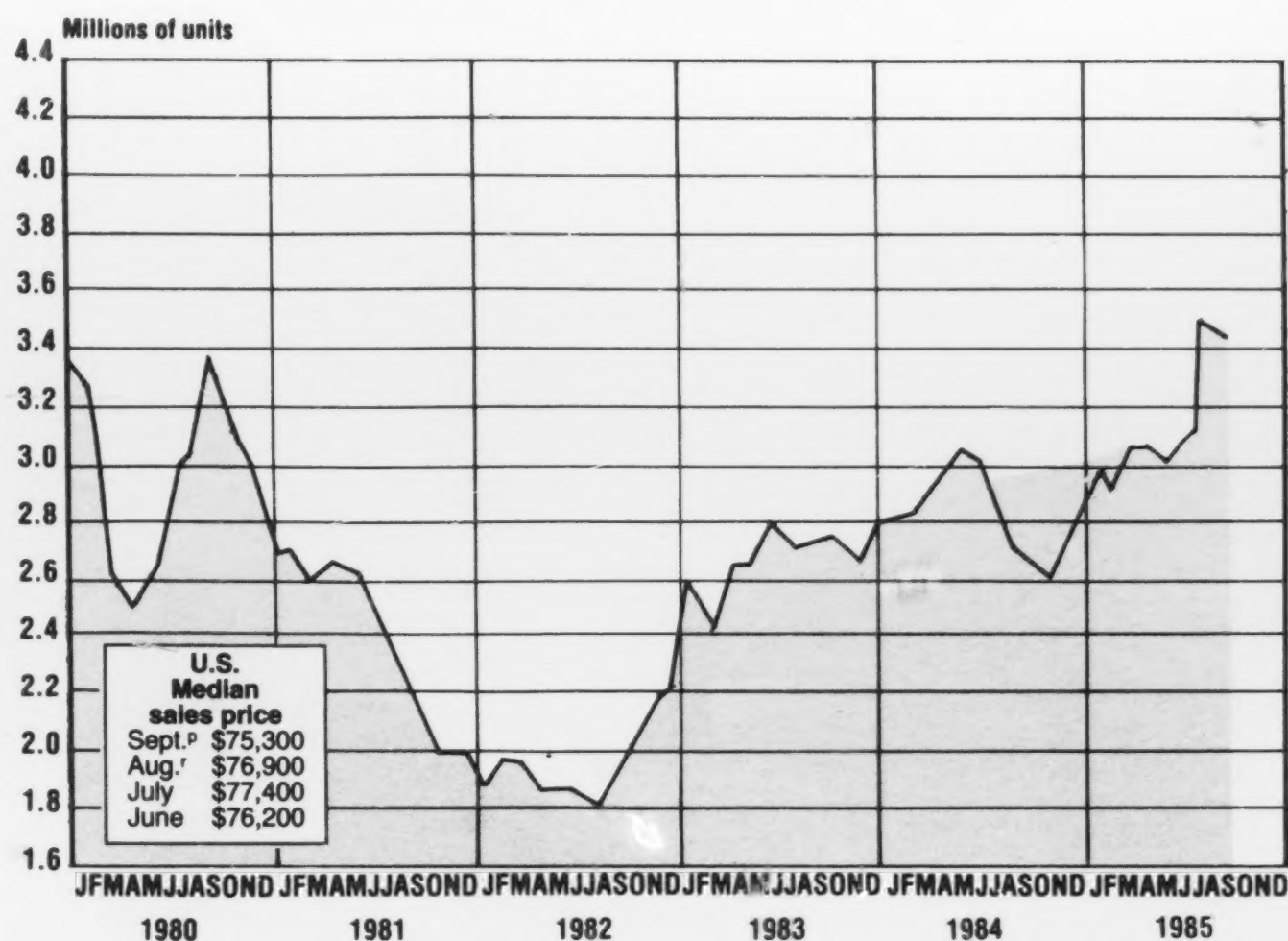


HOME CENTER INDUSTRY MARKET SUMMARY

Company and Market	Stock Market												Financial Update																					
	Price								Volume				P/E Ratio	Indicated Divd. Rate		Latest Report			Latest Quarter						Year-to-Date									
	2-Weeks Ended		2-Weeks Change		2-Week Range		52-Week Range		2-Weeks		12-Week			Trend Change	Amt.	Yld.	New Report	Period	Date Ended	Revenue		Net Income		E.P.S.		Revenue		Net Income		E.P.S.				
	11-01-85		Amt.	Pct.	High	Low	High	Low	Total	% Out	As % Out	Amt.								Chg.	Amt.	Chg.	Amt.	Chg.	Amt.	Chg.	Amt.	Chg.	Amt.	Chg.	Amt.	Chg.	Amt.	Chg.
	\$	\$	%	\$	\$	\$	\$	(100)	%	%	%	\$								%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Retailers																																		
Boise Cascade	N	41.88	.25	.6	41.88	39.63	51.00	37.00	8,799	3.23	1.19	171.4	22.9	1.90	4.5	.....	9 mos.	09-85	934.2	- 3.0	20.3	- 37.9	.65	- 42.5	2844.5	- 2.2	85.3	- 9.4	2.84	- 12.3				
Color Tile	M	19.50	.50	2.6	19.63	18.50	20.00	15.25	6,233	6.71	2.08	222.6	13.0	.00	0	NEW	3 mos.	09-85	95.0	25.8	3.3	17.9	.36	16.1	95.0	25.8	3.3	17.9	.36	16.1				
Edison Bros	N	32.13	.38	1.2	32.38	31.88	38.25	31.00	155	.15	.26	- 42.3	13.1	1.60	5.0	.....	6 mos.	06-85	85.6	- 57.6	3.8	- 32.1	.38	- 29.6	362.5	- 28.5	7.7	- 50.6	.76	- 49.0				
Erb Lumber	M	25.50	.00	0	27.88	24.50	26.50	18.00	42	.47	.16	193.8	5.7	.00	0	.....	6 mos.	06-85	53.8	26.6	2.4	84.6	2.60	84.4	80.9	17.2	2.0	122.2	2.20	122.2				
Evans Prod	N	1.50	-.25	- 14.3	1.75	1.50	6.00	1.50	1,432	1.04	.24	333.3	NE	.00a	0	.....	6 mos.	06-85	315.3	- 18.0	(24.1)	NE	(1.82)	NE	544.6	- 14.8	(63.8)	NE	(4.77)	NE				
Forest City Ent	A	23.25	-.38	- 1.6	23.75	22.50	24.88	19.38	1,080	2.67	.33	709.1	28.0	.15	.6	.....	6 mos.	07-85	53.5	- 28.6	3.4	36.0	.43	34.4	127.2	1.4	3.6	414.3	.45	309.1				
Grace W R	N	37.88	-.38	- 1.0	38.38	35.50	45.00	35.50	14,963	3.08	.80	285.0	11.9	2.80	7.4	.....	9 mos.	09-85	1758.1	6.0	25.3	- 23.6	.41	- 39.7	5246.9	7.1	102.2	- 25.1	1.96	- 30.0				
Hechinger A	M	17.50	-.25	- 1.4	18.00	17.25	23.19	15.00	1,249	1.43	1.56	- 8.3	NA	.16	.9	.....	.....	00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA				
Hechinger B	M	18.50	.50	2.8	18.50	17.50	24.19	15.00	604	.45	.42	7.1	19.5	.08	.4	.....	6 mos.	07-85	129.3	13.0	7.2	7.5	.30	3.4	243.9	20.6	11.0	8.9	.47	6.8				
Hines Ed Lumber	O	42.25	.25	.6	43.00	42.00	43.75	36.50	276	1.57	.53	196.2	22.2	1.00	2.4	.....	6 mos.	06-85	79.8	3.1	1.7	112.5	1.01	124.4	129.4	2.0	.9	800.0	.53	783.3				
Homecrafters Whse	M	3.00	-.63	- 17.2	3.63	2.50	10.00	2.63	702	2.48	1.88	31.9	NE	.00	0	.....	6 mos.	07-85	51.8	19.4	(1.8)	- 100.0	(.64)	- 100.0	97.6	22.2	(3.3)	- 100.0	(1.18)	- 100.0				
Home Depot	N	10.75	-.38	- 3.4	11.50	10.50	20.38	10.50	3,397	1.36	1.56	- 12.8	23.9	.00	0	.....	6 mos.	07-85	174.3	46.5	2.5	- 34.2	.10	- 33.3	319.3	48.6	4.4	- 38.9	.18	- 37.9				
INTERCO Inc	N	67.38	3.63	5.7	67.38	64.25	73.63	57.88	9,285	6.57	4.29	53.1	16.9	3.08	4.6	.....	6 mos.	08-85	644.0	- 8.1	23.2	- 4.9	1.47	- 7	1233.0	- 8.4	34.4	- 21.6	2.18	- 17.7				
K mart Cp	N	32.75	-.63	- 1.9	34.25	32.38	41.50	30.63	43,592	3.48	1.48	135.1	9.9	1.40	4.3	.....	6 mos.	07-85	5460.5	8.1	74.8	- 48.2	.58	- 47.7	10444.6	13.2	133.3	- 34.1	1.04	- 33.3				
Lowe's Cos	N	22.13	-.13	-.6	23.00	22.00	31.13	20.75	7,451	2.06	.82	151.2	13.1	.36	1.6	.....	6 mos.	07-85	595.6	22.8	20.9	1.5	.58	1.8	1047.9	21.1	32.8	- 1.5	.91	- 1.1				
Mich General	A	4.00	.00	0	4.50	3.50	8.13	3.50	3,451	3.04	.96	216.7	NE	.00	0	.....	6 mos.	06-85	119.0	- 2.9	(12.7)	- 100.0	(1.13)	- 100.0	207.1	- 6.0	(15.3)	- 100.0	(1.36)	- 100.0				
Natl Lumber	M	5.00	-.50	- 9.1	5.50	5.00	7.50	4.50	388	.69	.54	27.8	21.7	.00	0	.....	6 mos.	06-85	36.5	9.9	.5	25.0	.09	28.6	67.9	10.0	.7	.0	.12	- 7.7				
Pay N Pak	N	12.25	.25	2.1	12.38	11.75	15.88	11.50	1,227	1.23	1.12	9.8	13.6	.64	5.2	.....	6 mos.	08-85	90.5	3.1	3.0	- 21.1	.30	- 21.1	173.1	6.7	5.1	- 17.7	.51	- 17.7				
Payless Cash	N	13.75	- 1.00	- 6.8	14.88	13.50	23.38	13.50	12,095	3.30	1.34	146.3	12.6	.16	1.2	.....	9 mos.	08-85	379.4	13.4	12.4	- 3.9	.36	- 10.0	1010.0	19.7	27.0	- 2.5	.80	- 7.0				
Scotty's Inc	N	13.00	.38	3.0	13.00	12.50	16.38	12.38	1,584	1.10	.42	161.9	10.6	.52	4.0	.....	3 mos.	09-85	110.3	8.5	2.8	- 17.6	.20	- 23.1	110.3	8.5	2.8	- 17.6	.20	- 23.1				
Sears, Roebuck	N	34.63	1.00	3.0	35.00	33.13	39.13	30.00	56,197	1.55	.63	146.0	9.7	1.76	5.1	NEW	9 mos.	09-85	10047.1	3.7	262.2	- 18.5	.71	- 19.3	28647.1	3.4	751.0	- 15.8	2.03	- 17.8				
Std Bld Pnt	N	20.00	.13	.6	20.88	19.50	23.88	18.00	5,736	5.14	1.51	240.4	11.2	.56	2.8	.....	6 mos.	07-85	95.5	12.5	5.4	- 15.6	.48	- 15.8	176.4	8.4	10.2	- 7.3	.91	- 8.1				
Supermks Gen	N	42.50	-.63	- 1.4	43.75	42.00	48.38	29.25	2,152	1.20	.86	39.5	12.1	.48	1.1	.....	6 mos.	07-85	1287.3	32.1	6.1	- 61.1	1.01	14.8	2502.7	34.5	17.9	- 10.1	1.67	49.1				
Wolohan Lumber	M	5.75	-.25	- 4.2	5.88	5.63	7.25	4.50	334	.57	.46	23.9	11.3	.16	2.8	.....	6 mos.	06-85	43.4	10.7	1.3	30.0	.24	41.2	66.5	8.3	1.0	42.9	.18	50.0				
Wholesalers																																		
Lewis Palmer	M	7.25	.50	7.4	7.38	6.75	9.38	6.38	481	1.24	.59	110.2	60.4	27b	3.7	.....	6 mos.	07-85	37.5	- 6.9	.2	- 60.0	.06	- 57.1	70.5	1.6	.2	- 75.0	.06	- 75.0				
Manufacturers																																		
Allegheny Int	N	25.50	.25	1.0	27.50	24.50	28.75	20.25	8,683	8.07	2.61	209.2	NE	1.40	5.5	.....	6 mos.	06-85	500.5	- 3.8	10.0	- 40.5	.23	- 54.0	1007.7	- 1.0	15.1	- 32.3	(.12)	- 100.0				
Am Standard	N	30.13	-.13	-.4	31.25	29.63	35.38	26.75	6,105	1.56	1.03	51.5	10.0	1.60	5.3	.....	6 mos.	06-85	878.3	- 1.6	37.3	6.3	.95	4.4	1667.3	9.4	57.6	4.7	1.47	- 4.5				
Armstrng Wld	N	37.38	2.25	6.4	37.88	34.88	39.75	28.75	7,338	3.07	1.18	160.2	9.2	1.30	3.5	NEW	9 mos.	09-85	446.7	13.1	28.1	23.2	1.17	23.2	1253.2	5.6	78.3	6.7	3.26	8.7				
Black & Decker	N	19.88	.63	3.2	19.88	19.13	26.88	17.25	15,698	3.12	1.46	113.7	16.6	.64	3.2	.....	9 mos.	06-85	371.9	- 3	(7.1)	- 100.0	(.14)	- 100.0	1278.0	21.7	36.7	- 48.2	.72	- 51.0				
Certain-teed	N	23.13	.13	.5	23.50	22.75	28.50	19.75	1,191	.63	.38	65.8	10.9	.70	3.0	.....	6 mos.	06-85	291.0	- 6.2	16.5	- 2.4	.84	- 1.2	543.9	- 7.6	24.7	- 5.0	1.25	- 3.8				
Champ Intl	N	22.38	1.25	5.9	22.75	20.25	26.75	19.00	29,192	3.14	1.06	196.2	NE	.52	2.3	NEW	9 mos.	09-85	1330.4	17.6	37.9	- 5.7	.37	- 43.9	4575.1	33.4	125.0	14.3	1.22	- 31.5				
Clopay Corp	A	14.25	-.50	- 3.4	15.00	14.00	22.19	11.25	114	.75	.31	141.9	12.8	.16	1.1	.....	6 mos.	06-85	36.0	.65	.0	- 100.0	.04	- 89.2	65.2	6.0	(.5)	- 100.0	(.32)	- 100.0				
DeSoto Inc	N	32.25	.00	0	32.50	31.50	37.88	31.25	769	1.61	.44	265.9	10.5	1.40	4.3	.....	9 mos.	09-85	109.2	- 4.5	4.1	- 31.7	.86	- 18.9	330.1	.3	11.3	- 29.4	2.37	- 16.8				
Emhart Corp	N	29.25	2.50	9.3	29.38	26.38	33.13	26.25	1,837	.66	.51	29.4	10.8	1.40b	4.8	NEW	9 mos.	09-85	421.2	.1	17.0	- 20.6	.61	- 28.2	1290.6	- 4.1	56.4	- 13.0	2.03	- 21.3				
Georgia-Pacific	N	21.63	.13	.6	21.88	20.63	27.36	20.50	29,837	2.90	.86	237.2	26.4	.80	3.7	NEW	9 mos.	09-85	1752.0	- 3	58.0	- 30.1	.52	- 29.7	5126.0	4.3	174.0	- 20.2	1.56	- 8.8				
Insulo Corp	N	17.13	.00	0	17.50	16.63	20.72	16.63	3,423	1.74	.83	109.6	10.7	1.00b	5.8	.....	9 mos.	09-85	209.1	1.0	5.9	- 35.2	.30	- 41.2	637.1	5.1	22.5	- 12.5	1.20	- 15.5				
La Pacific	N	19.88	.50	2.6	20.00	18.88	24.75	17.63	6,179	1.74	.74	135.1	17.0	.80b	4.0	NEW	9 mos.	09-85	332.3	6.3	11.3	63.8	.32	77.8	948.3	.2	18.7	- 11.8	.53	- 10.2				
MacMilln Bldg	N	13.75	.50	3.8	13.75	13.13	21.81	12.75	113	.04	.08	- 50.0	25.5	.00a	0	.....	6 mos.	06-85	598.0	11.9	7.8	47.2	.05	NE	1136.6	20.1	10.4	NE	(.08)	NE				
Manville Cp	N	5.50	.00	0	5.63	5.25	8.63	5.13	7,702	3.21	1.26	154.8	2.4	.00	0	.....	6 mos.	06-85	500.8	9.7	20.4	12.7	.59	20.4	934.0	7.8	32.6	.58	.84	10.5				
Masco Corp	N	34.13	.88	2.6	35.38	32.63	36.00	25.75	9,322	1.61	.68	136.8	24.4	.64	1.9	.....	6 mos.	06-85	256.0	80.3	36.3	433.8	.63	- 33.7	485.0	71.9	71.8	443.9	1.24	- 32.6				
Mor-Flo Inds	M	17.00	-.25	- 1.4	17.25	17.00	20.25	15.25	112	.44	.58	- 24.1	6.4	.01	.1	.....	6 mos.	06-85	53.6	3.7	1.7	.0	.69	1.5	106.0	5.4	3.4	6.3	1.34	3.9				
Natl Gypsum	N	37.25	2.50	7.2	37.50	34.50	37.50	22.69	5,438	2.38	1.09	118.3	7.1	1.52	4.1	NEW	9 mos.	09-85	468.0	4.2	35.1	24.9	1.53	26.4	1277.4	- .8	96.6	18.4	4.16	18.9				
Newell Co	N	20.00	1.25	6.7	20.25	19.00	20.25	14.00	1,398	1.62	.46	252.2	10.3	.50	2.5	NEW	9 mos.	09-85	92.2	36.4	5.4	74.2	.60	66.7	253.4	15.9	13.4	34.0	1.48	27.6				
Owens Corning	N	34.00	-.13	-.4	34.63																													

HOUSING WATCH

Existing single-family home sales

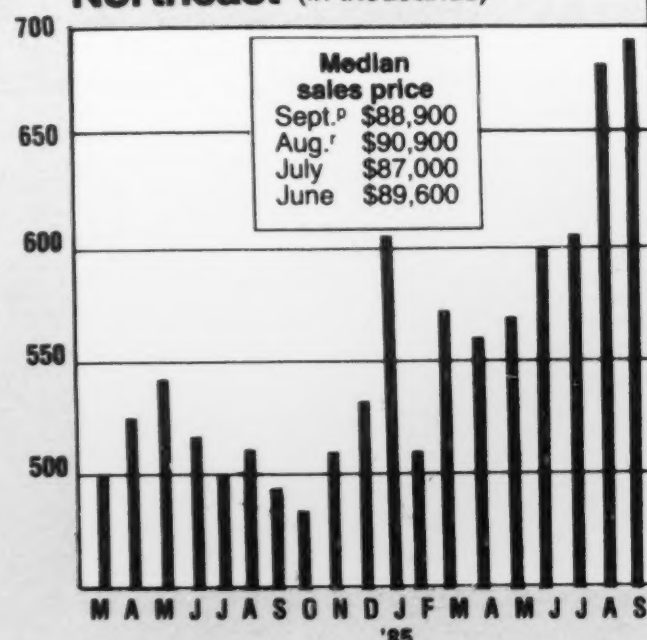


p = preliminary r = revised

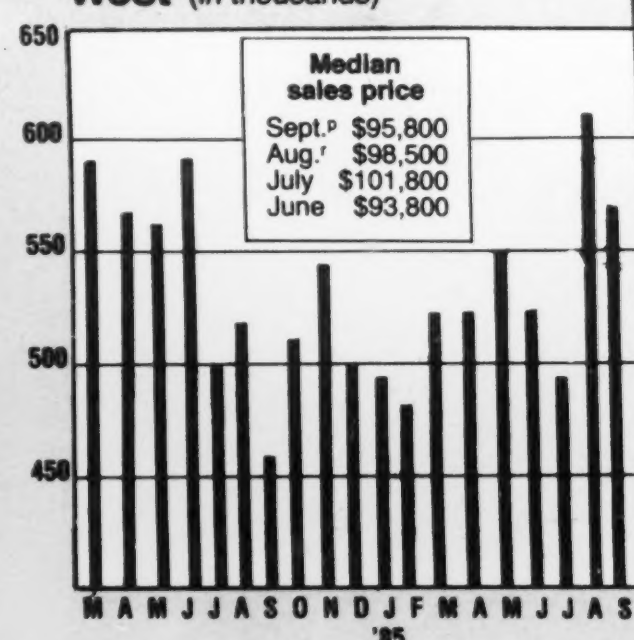
Source: Nat'l Assn. of Realtors

Now is the best time to buy a house, according to the National Assn. of Realtors, citing September's substantial price decline on resale homes. All four regions and the U.S. composite recorded home price declines in September ranging from an \$800 in the Midwest to \$3,300 in the West.

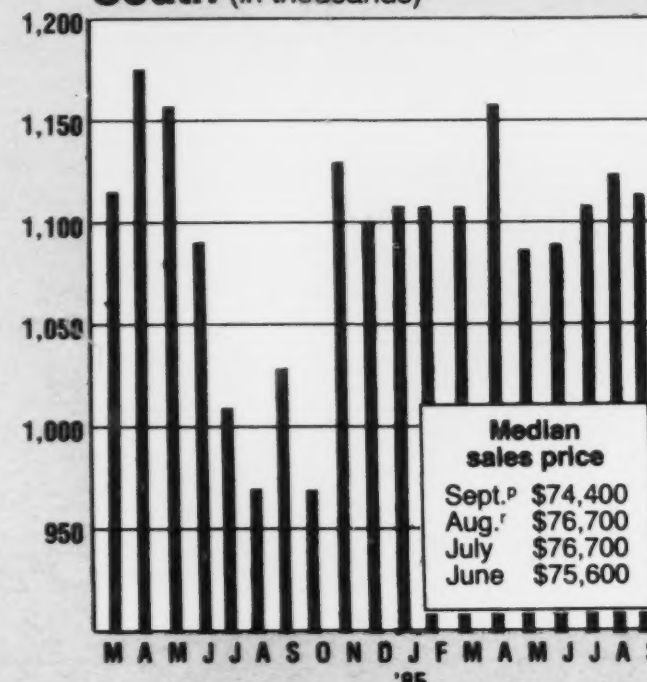
Northeast (in thousands)



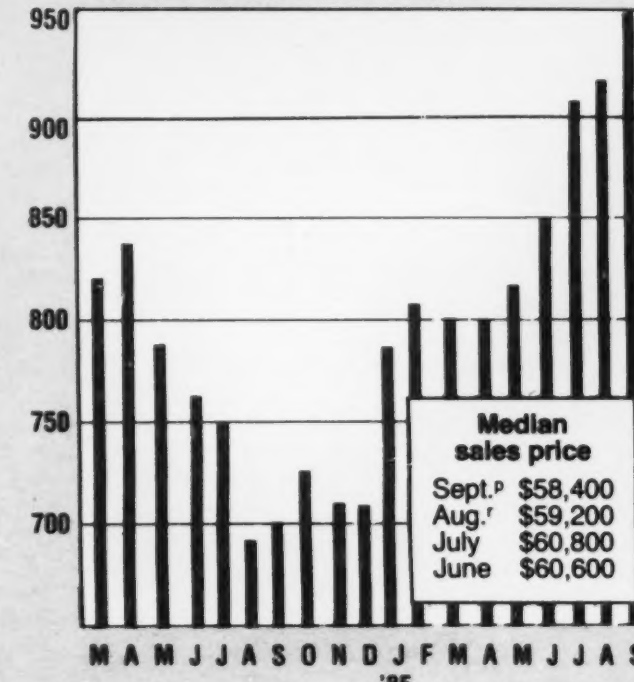
West (in thousands)



South (in thousands)



Midwest (in thousands)



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Home resales decline 1.7% in September

NATIONAL REPORT — Home resales declined 1.7% in September to a seasonally adjusted 3.44 million units, the seventh consecutive month that the sales pace has been above the three-million-unit mark, according to the National Assn. of Realtors.

And while the sales pace weakened, so did home prices. The median price for an existing single-family home in September declined 2.1% to \$75,300, \$1,600 less than the \$76,900 recorded in August.

Jack Carlson, the NAR's chief economist and executive officer, explained that the home price declines recorded in September can be attributed "partly to a shift to smaller home purchases. Homes purchased in the fall often involve families without children who do not have the space requirements of larger families."

Despite September's sales declines, David D. Roberts, NAR president, noted that activity is still very strong. It "clearly underscores the positive impact lower interest rates are having on housing markets nationwide."

In fact, September's resales pace was 2.6% ahead of last September when the rate was 2.73 million units.

Only the Northeast and Midwest recorded sales increases in September, but all four regions charted home price declines, according to NAR figures.

The Northeast produced 690,000 units in September, seasonally adjusted, and was 38% ahead of September 1984 when 500,000 units were sold. The median priced home declined by \$2,000, or 2.2%, to \$88,900. Compared to last September, resale home prices in the Northeast soared 19.4%, recording the largest year-to-year increase of any region.

The Midwest, although charting a 1.1% increase in resale activity in September, to 950,000 units, seasonally adjusted, was 38% over last September's 730,000-unit resale level. Home prices here declined 1.4% to \$58,400 in September, a 4.1% increase from September 1984.

LUMBER REPORT

Legislation on Canadian lumber imports provides feast for Feds

By Hawk Furman
Special to NHCN
There is a restrictionist attitude in Washington these days. Currently, 300 bills are before Congress dealing with trade restrictions. There are six bills under consideration which could lead to restrictions on Canadian lumber coming into the United States.

The three bills in the House are The Weaver Bill, The Bonker Bill and The Gibbons Bill. The Weaver Bill would set a quota for Canadian wood at 20% of the total consumption of lumber products in the United States. Canada currently supplies 32% of the lumber needs for our country.

The Bonker Bill is comprised of three parts. It would allow one year for a negotiated settlement between the governments of the United States and Canada. It would change the current countervailing duty laws so Canadian wood could be countervailed more easily. It would institute a 10% ad valorem tax on Canadian lumber one year after passage of the bill.

The Gibbons Bill (H.R. 2451)—The Natural Resource Subsidy Bill—has a "Removal Rights Provision" attached to it which, by distorting the definition of subsidy, could lead to extravagant countervailing duties to be added to the price of lumber and other wood products coming from Canada. The Gibbons proposal would compare stumpage prices (prices of standing timber) in the U.S. to Canadian stumpage prices. For example, if Canada has a stumpage price of \$30 per thousand board feet and the U.S. has a stumpage price of \$150 per thousand board feet, a countervailing duty of \$120 per thousand board feet would be applied to the Canadian wood or the difference between stumpage prices. The "Removal



'The Biggest concern is that parts of the proposed lumber tariff bills could be incorporated into a much larger super trade bill which could pass through both the House and Senate.'

—Hawk Furman

Rights Provision" does not factor in the costs of logging, transportation to the mill, manufacturing costs, quality of wood, species and many other factors that make up the cost of Canadian wood before it finally goes to market. One area not taken into account is the fact that currently the U.S. lumber producers are getting a much higher return on their residual chips than the Canadian manu-

facturers.

The three bills in the Senate mirror the House bills. The Baucus Bill (S 1292) is the companion bill to The Gibbons Bill. Senator McClure of Idaho has initiated a mirror bill to The Weaver Bill and Senator Baucus has introduced another bill that has the same tone as The Bonker Bill. The Canadian lumber industry is most concerned

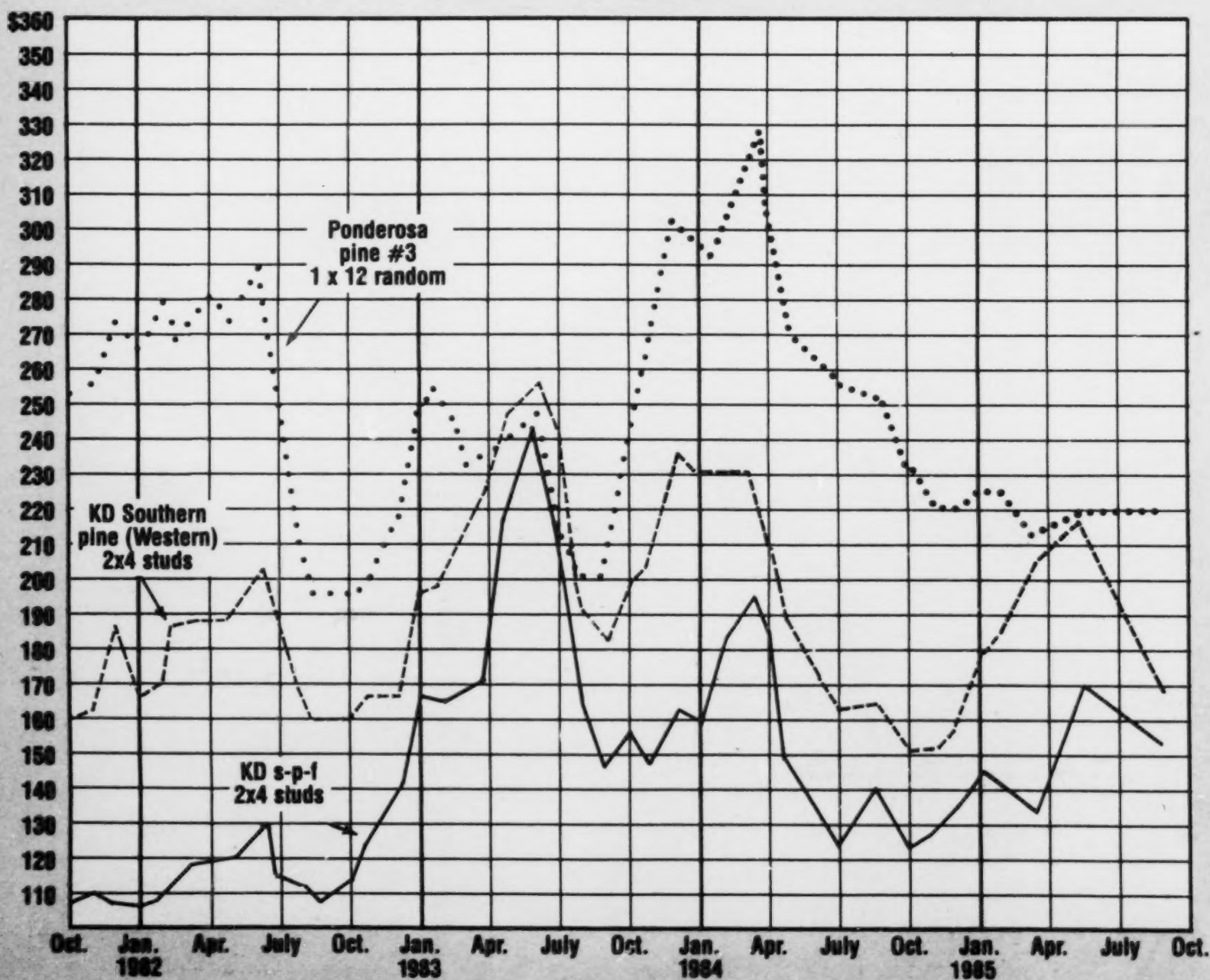
(Continued on page 67)

FUTURES

Two weeks ended Oct. 17, 1985							
	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's: \$ per 1,000 bd. ft.							
Nov. '85	139.70	133.60	137.10	133.90	2,541	186.10	126.50
Jan. '86	141.80	136.50	139.70	138.00	2,962	187.30	133.60
March	147.80	142.60	146.00	144.30	1,252	195.00	139.70
May	151.20	147.70	149.60	149.20	551	176.40	145.20
July	155.00	152.50	153.70	154.00	108	183.40	149.50
Sept.	158.50	153.00	156.90	157.20	72	180.00	152.90
Nov.	159.00	156.50	156.50	158.00	43	160.00	153.00
Total Contract Vol. (Through 10/17): 10,146				Previous Two Weeks: 14,279			
Total Open Interest (As of 10/17): 7,529				Previous Week: 7,162			
Cash Price: \$144.06				Previous Week: \$145.04		Year Ago: \$134.26	
CME—Chicago Mercantile Exchange							
*Figures for Thursday, Oct. 17, 1985.							
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.							

Commodity close-up: Studs & boards

Average monthly mill prices



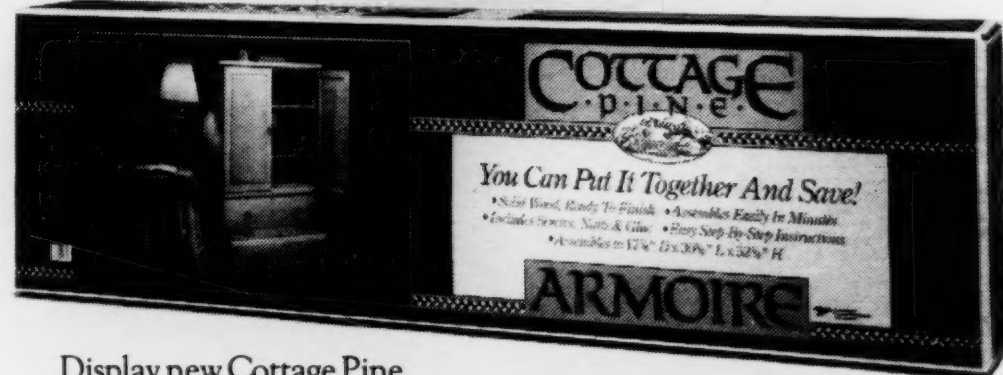
All prices of commodity studs and boards dropped significantly during the summer months as demand diminished with declining housing starts. A thousand board feet of Ponderosa Pine No. 3, 1x12 random, dropped from \$220 to a monthly September average of \$207. KD Southern pine (western) dropped from \$215 a thousand board feet to \$196, while KD s-p-1 dropped from \$170 for a thousand board feet to a monthly average of \$148.

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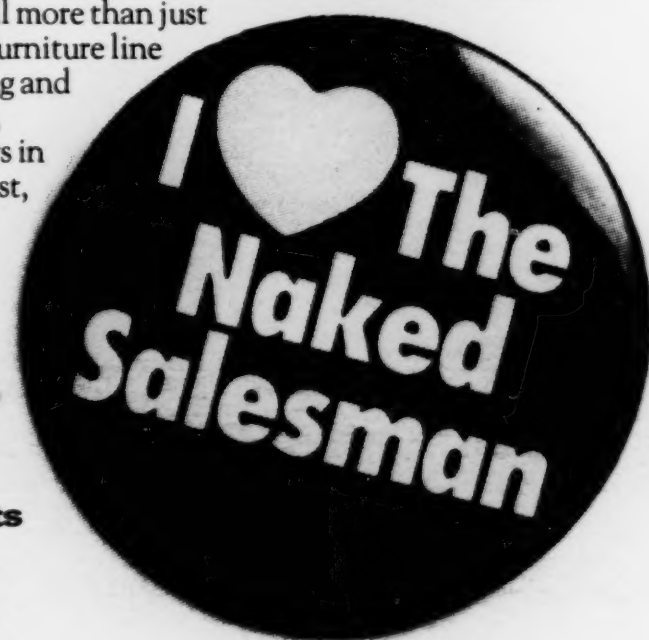
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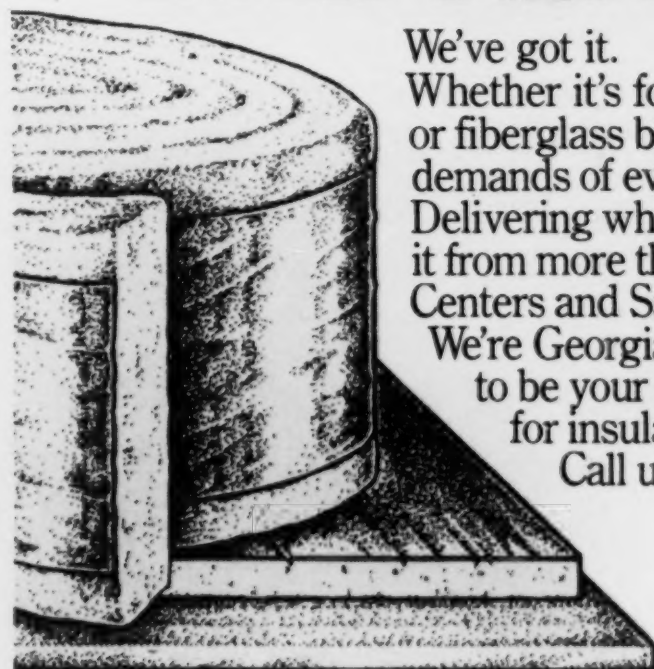
Display new Cottage Pine unfinished furniture and take advantage of big KD furniture sales. Most importantly, watch your paint and stain sales increase too, because Cottage Pine is designed to sell more than just itself. The new Cottage Pine furniture line features high impact packaging and P.O.P. that's designed for fast, impulse sales. The line displays in 16 ft. and offers a 4 drawer chest, 6 drawer dresser, armoire, nightstand and desk.

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MERCHANDISING

DIY skill plays role in where paint is bought

NATIONAL REPORT — The home center still lags behind the paint store and the department store as the place where serious DIYers shop for paint and sundries, according to a new comprehensive study on consumer buying. But, the study found, the more skilled a homeowner is in DIY, the more likely he is to buy paint products in a home center.

These and other findings about the paint category are to be found in a new study published by Rodale Press's *New Shelter* magazine, which polled its subscribers—mostly an experienced lot of DIY homeowners—on a range of home improvement topics related to purchases and DIY activity.

From these numbers, *New Shelter*, as part of a joint research effort with *NHCN*, identified those 1,648 respondents who said they were home center shoppers, and tracked their answers.

About half of these shoppers had either painted or stained the outside of their home in the past two years. Among these active DIYers, around 40% said

they tended to purchase paint, stain and sundries from a paint store. Among the subgroup of respondents who said they were "expert" DIYers, 50% shopped a paint store. One in seven of home center customers having painted in the previous 24 months bought their products in a home center, a ratio that increases to 1 in 4 among those who said they were "heavy shoppers," and among those living in the western United States.

However, another quarter of the heavy shoppers also identified Sears and Penney's as places where they had bought paint.

The paint specialty store was also favored by all age groups in the study, with nearly 40% of respondents in each age breakdown saying they bought paint in this type store.

As for sundries, more than 90% of the total respondent group said they owned a brush or a roller, and three quarters said they owned a wire brush for scraping. But less than 3 in 10 said they owned a respirator mask, with 42% of the expert

Paint sundries serious DIYers have purchased in the past two years					
Product	Total home center shoppers (1554)*	DIY ability			
		Beginner (124)*	Intermediate (634)*	Advanced (616)*	Expert (126)*
Bought any sundries in past 2 yrs.	87.6%	80.6%	86.4%	91.2	84.9%
Paint brushes	79.0	79.8	78.2	81.8	73.0
Paint roller with pan	49.3	42.7	50.6	49.7	50.0
Wire brush	23.4	18.5	24.1	24.4	26.2
Airless paint sprayer	14.1	4.8	10.9	17.9	21.4
Respirator face mask with filter	8.3	2.4	7.3	9.9	11.9
Air compressor spray gun	5.5	0.8	4.7	5.0	10.3
Power roller	4.2	3.2	4.1	4.4	5.6
Electric heat gun	2.6	1.6	1.6	3.9	4.0
Didn't buy any	12.4	19.4	13.6	8.8	15.1

Source: Rodale Press, *New Shelter*; *NHCN* chart
*no. of home center shoppers responding to question

DIYers but only 10% of the DIY beginners claiming to have this product in their possession. A quarter of all respondents owned an air compressor, which rose to 50% among the expert DIYers.

Over the past two years,

nearly 9 in 10 of all respondents had purchased a sundry item, and 8 in 10 said they had bought a brush. However, the paint roller with pan—one of the most promoted items in home improvement retailing—had been bought by under 50% of all respondents: less than one quarter said they had purchased a wire brush. Airless paint sprayers were bought by only 14% of these home center shoppers, although one-fifth of the experts said they had purchased this product.

When asked about buying wall covering of all sorts over the previous 2 years, about 70% of the study's respondents said they had bought paint, with three quarters of the "advanced" and "expert" DIYers making the purchase. Stain ranked third behind wallpaper as the next most-frequently bought wall covering item, although less than one-quarter of all respondents, and only 13% of DIY beginners, said they purchased stain over this time period.

Of the types of paint preferred by consumers, 64% said they had bought latex paint, a percentage rising to 74% of those living in the South. More than one-quarter had bought oil-based paint.

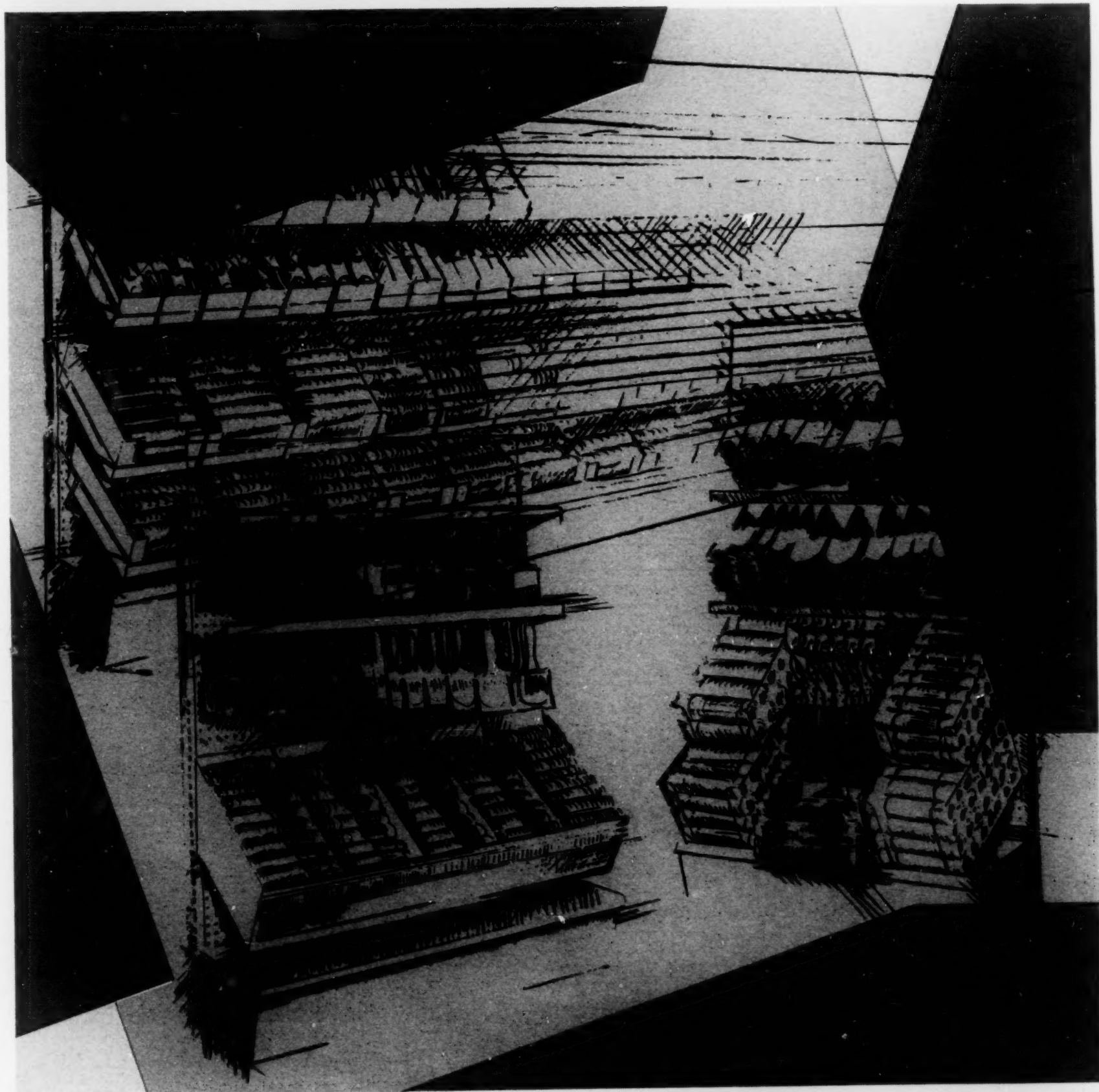
Close to half of the study's home center shoppers had purchased some kind of outdoor protective paint, with the highest number—23%—buying wood preservative.

In the broader "walls and ceilings" category in the survey, consumers were asked about their buying plans for the next year. More than 64% of all respondents, and close to 7 of 10 in the Northeast, planned to buy interior paint over the period. But only around 23% of all home center shoppers and 14% of the DIY beginners planned to purchase stain within the following 12 months.

In this broader category, consumers were also queried about which wall covering jobs they had done inside the home. More than 7 out of 10 respondents said they had performed an interior paint job, and 90% of these said they did the job themselves.

And even among those who did use a contractor for the job, close to 70% chose which interior paint would be used. Significantly, however, only half of the beginners using a contractor chose which paint was applied, while three-quarters of the "intermediate" skilled DIYers and 100% of the experts selected the paint that was used.

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MERCHANDISING

Retailers report growth is sundry dept.

(Continued from page 41)

dries, sometimes at the expense of suppliers' profits.

"We're seeing a lack of support for the way we do business from some paint suppliers," said Steve Bebis, paint buyer for Home Depot in Atlanta. Recently, the 44-unit chain dropped Olympic Stain as a vendor because it would no longer sell its products direct. And Bebis complained that some sundries suppliers continue to insist on two-step distribution, which is contrary to Home Depot's and other warehouses' primary method of product reception.

Leaving the distribution issue aside, home center retailers in general are making more demands, in terms of lower prices and promotional backup, on sundries suppliers.

Art Stark, director of marketing for The Lucas Group's Rubberset applicator division in Cleveland, reports that his company's margins have dropped four percentage points over the past few years.

"There's a lot of capacity out there right now, and we're feeling intense competitive pressure from dealers that has adversely affected our bottom



Paint pads and roller covers are prominently displayed as part of the sundries lines stocked in Beaver Lumber's Lawrence, Ontario, Canada unit.

NHCN photo

line," he said.

Michael Ace of Builders Emporium in southern California said that retailers had no choice but to push suppliers harder for lower prices. "We're all feeling the GMROI pinch," he said, referring to the product's lower gross margin return on inventory investment.

But just how long retailers can continue to prop up their

paint marketing strategies on the back of their sundries business was questioned by Craig Taelman, general manager for the two-unit Circle Lumber in South Bend, Ind. "Manufacturers have to make money, too," he said. "And it does retailers no good to run hard bargains if the result is more suppliers leaving the industry because there's no profit in it."

Aided paint brand awareness

Brand	Total respondents	North	South	East	West
Dutch Boy	93.9%	92.9%	91.5%	96.6	96.8%
Glidden	93.2	95.7	94.9	94.8	93.9
Lucite	90.5	94.3	91.5	84.5	90.3
Pittsburgh (PPG)	89.9	92.9	89.8	91.4	83.9
Olympic	82.2	87.1	78.0	79.3	87.1
Red Devil	45.9	51.4	45.8	65.5	12.9
Colony	33.1	41.4	27.1	25.9	41.9
Valspar	22.2	22.9	18.6	29.3	19.4

Source: Leo J. Shapiro & Associates, Chicago
NHCN chart

Two paint brands stand out in survey

NATIONAL REPORT — In a recent study of aided brand awareness among consumers, Dutch Boy and Glidden continue to reign as the best-known home center paint brands on the market.

The study, conducted for NHCN by Leo J. Shapiro & Associates, also found that consumer awareness of lesser-known paint brands varied,

sometimes widely, by geographic region.

Both Dutch Boy and Glidden were recognized as paint brands by more than 93% of the 218 consumers who participated in this part of the study. Dutch Boy had even higher consumer awareness among respondents in the East and West, while Glidden's name was known by more than 95% of

those living in the North.

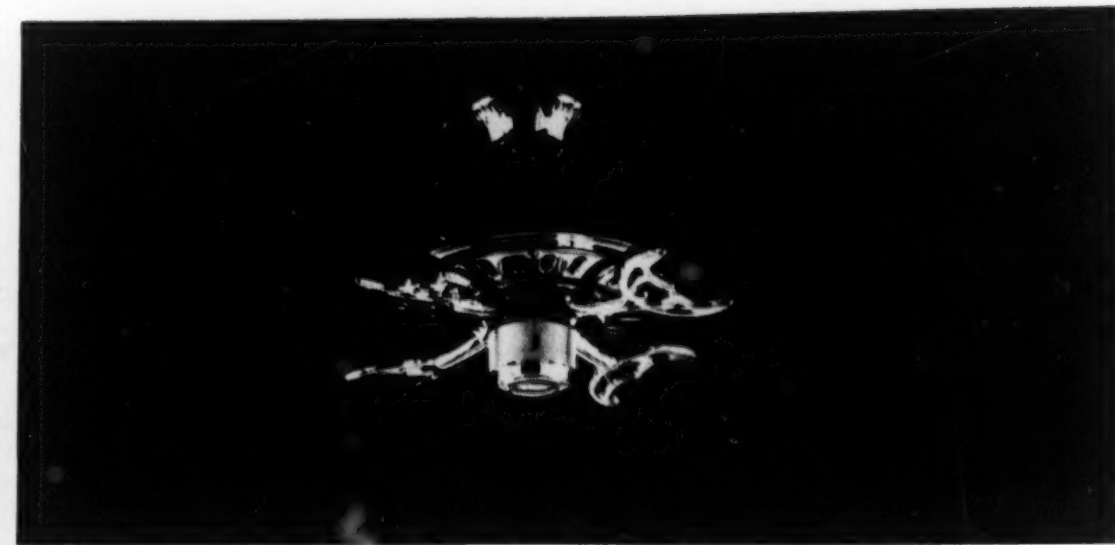
Ranking third behind these two brands, with an aided consumer response level of 90.5%, was Lucite Paints, whose reputation was consistent in the most part of the country except the East.

Pittsburgh Paints was a brand known by nearly 90% of the study's respondents and by close to 94% of those who spent between \$300 to \$2,000 on DIY products last year. Olympic Stain ranked fifth in aided brand awareness, with 82% of the consumers polled knowing its name. Olympic showed higher brand awareness among consumers living in the North.

Red Devil was recognized by more than 45% of the study's respondents, but its awareness quotient showed wide regional variation: two-thirds of consumers living in the East had heard of the brand, while less than 13% in the West knew the Red Devil name when asked.

One-third of those polled had heard of Colony Paints, a ratio that rises to 2 out of 5 consumers in the North, but drops to one-quarter of those in the East. Only one-fifth of all respondents who spent \$40 to \$299 on DIY products last year knew Colony's brand.

The brands consumers were asked about in this study were confined to those sold in home centers. The Sherwin-Williams and Sears Weatherbeater brands—which ranked first and third, respectively, among paint brand consumers could identify without prompting—were not included in the aided part of the study.



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LUMBER REPORT

Score of bills on Canadian lumber imports provides feast for Feds

(Continued from page 21)

with The Gibbons Bill and The Baucus Bill because the "Removal Rights Provision" is a small part of a larger bill and it may be difficult to eliminate the "Removal Rights Provision" from the larger bill which has a good chance of passing in Congress.

Effects of The Gibbons Bill

A recent study by the Wharton Econometric Forecasting Associates on the "Macroeconomic Impact of Tariff Induced Increases in U.S. Lumber Prices" found, "the imposition of a duty on softwood lumber imports from Canada would create a few additional jobs in the U.S. lumber industry. The job losses in the other U.S. industries due to higher U.S. lumber prices would greatly exceed these gains."

"For every job created in the U.S. lumber industry, approximately four jobs are lost in the economy each year from 1987 through 1993." Lots of industries would be affected by the tariff including transportation, home building, lumber dealers and home centers. Many industries that depend on affordable housing would be affected by higher lumber prices including carpeting, plumbing, heating, brick, glass, insulation and other manufacturers, distributors and retailers.

John J. Kolemji, president of the National Assoc. of Home Builders, with over 100,000

members, recently stated that his association's research department "estimates that for every \$1,000 increase in the cost of the average house, more than 300,000 families would be priced out of the housing market." The potential 60% import duty placed on Canadian wood would raise the cost of an average home by several thousand dollars.

The National Lumber and Building Materials Dealers Assoc. feels that an import tariff would reduce both demand for lumber and the volume of lumber flowing through lumber dealers. This would result in a loss of employment and the availability of western and eastern Canadian spruces, which is a preferred species.

I.T.C. report

The International Trade Commission recently released a 224-page report on Canadian lumber imports. Both the Canadian manufacturers and members of the "Coalition for Fair Lumber Imports," the American group looking for duties, claim the report supports their position. The report points out that the exchange rate plays an important part. The report states that the Canadians generally have an advantage in transportation on shipments to the Eastern United States. The Canadian mills are more efficient than their U.S. counterparts. The report did not adjust for differences in chip reve-

nues, species or quality of wood. The International Trade Administration in 1983 ruled that there was no significant subsidization by the Canadian government; that using higher U.S. stumpage prices as a benchmark for deciding whether Canadian prices were subsidized was "arbitrary and capricious"; and that once appropriate adjustments are made, Canadian producers enjoyed no cost advantage over U.S. producers.

Politics may rule

The Canadians may argue, and justly so, that they have no advantage over U.S. lumber producers, but with 300 bills dealing with trade restrictions in Congress and the Democrats making trade the No. 1 issue, the issue has become a very political one. The biggest concern is that parts of the proposed lumber tariff bills could be incorporated into a much larger super trade bill which could pass through both the House and Senate.

The timing of trade legislation has been delayed as the Republicans in the Senate have brought the deficit issue to the forefront again. Once the deficit issue is voted upon, watch for strong trade legislation. It would be late this year or next spring. If you feel strongly one way or the other on the issue of restrictions on Canadian wood, you should write your Senators or Congressmen.

CALENDAR

Feb. 26-27

Central Builders Supplies Co. Spring Product Show, Century Center, South Bend, Ind. 616-651-1455.

March 1-4

Wood Heating Alliance/Wood Energy Trade Show and Seminars, Reno/Sparks Convention Center, Reno, Nev. 202-857-1181.

March 2-5

International Hardware Show, Cologne, West Germany. Telex-8873426.

March 9-12

National Home Center Show Home Improvement Congress & Exposition, McCormick Place, Chicago. 312-823-3183.

March 15-16

Canadian Decorating Products Show, Constellation Hotel, Toronto, Ontario. 312-391-0421.

March 22-23

Western Decorating Products Show, Civic Auditorium, San Francisco, Calif. 314-391-0421.

April 3-5

National Association of the

Remodeling Industry (NARI) Annual Convention/Exposition, Orange County Convention/Civic Center, Orlando, Fla. 703-276-7600.

April 6-9

National Kitchen & Bath Association Show, Civic Center, Philadelphia. 201-852-0033.

April 6-9

Virginia Building Material Association Annual Convention, Pinehurst, N.C. 804-745-4200.

April 12-13

Eastern Decorating Products Show, Sheraton Boston Hotel, Boston. 314-391-0421.

April 18-20

Lumberman's Association of Texas, Convention Center, San Antonio.

April 20-23

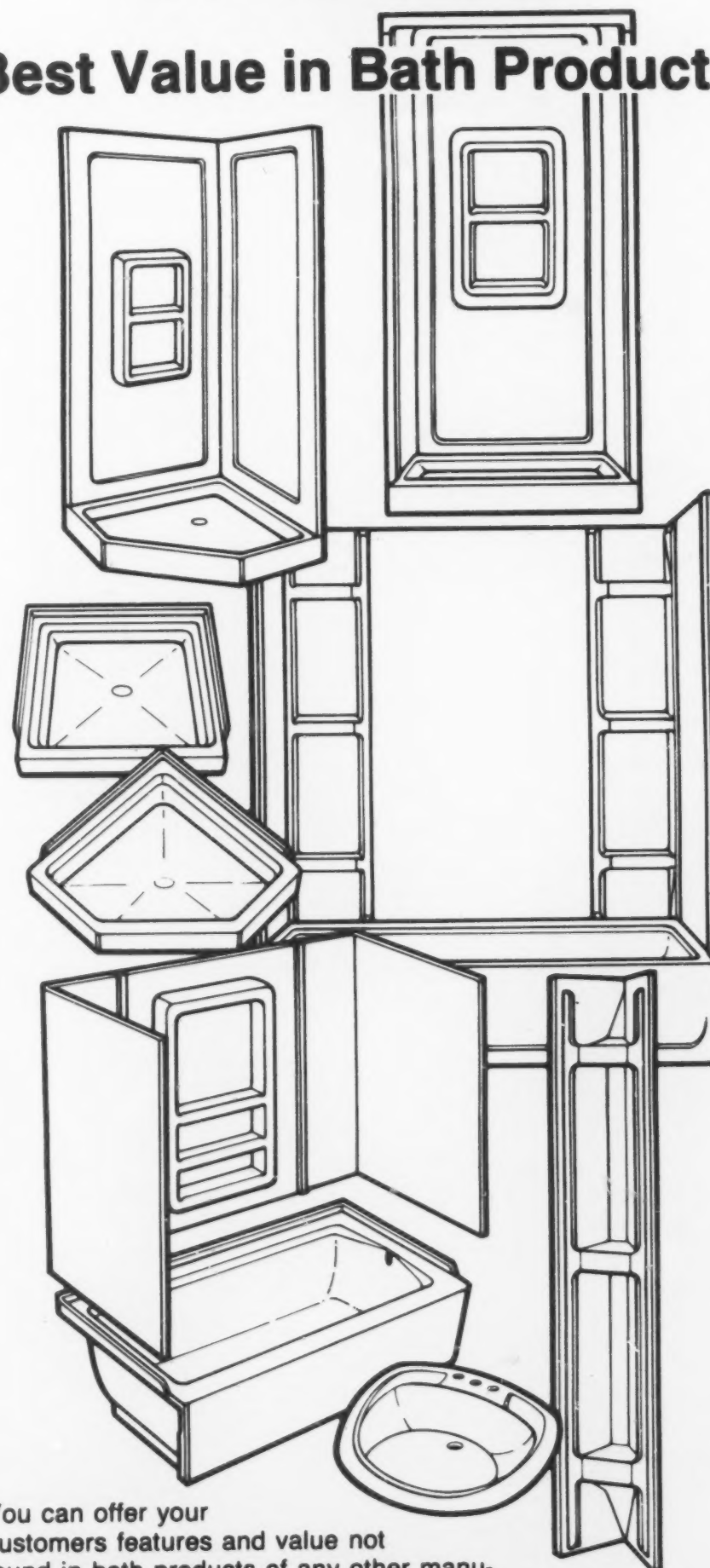
Southern Hardware Show, Fontainebleau Hotel, Miami Beach. 312-885-1025.

April 27-May 5

North American Wholesale Lumberman's Show, Boca Raton Hotel, Boca Raton, La.

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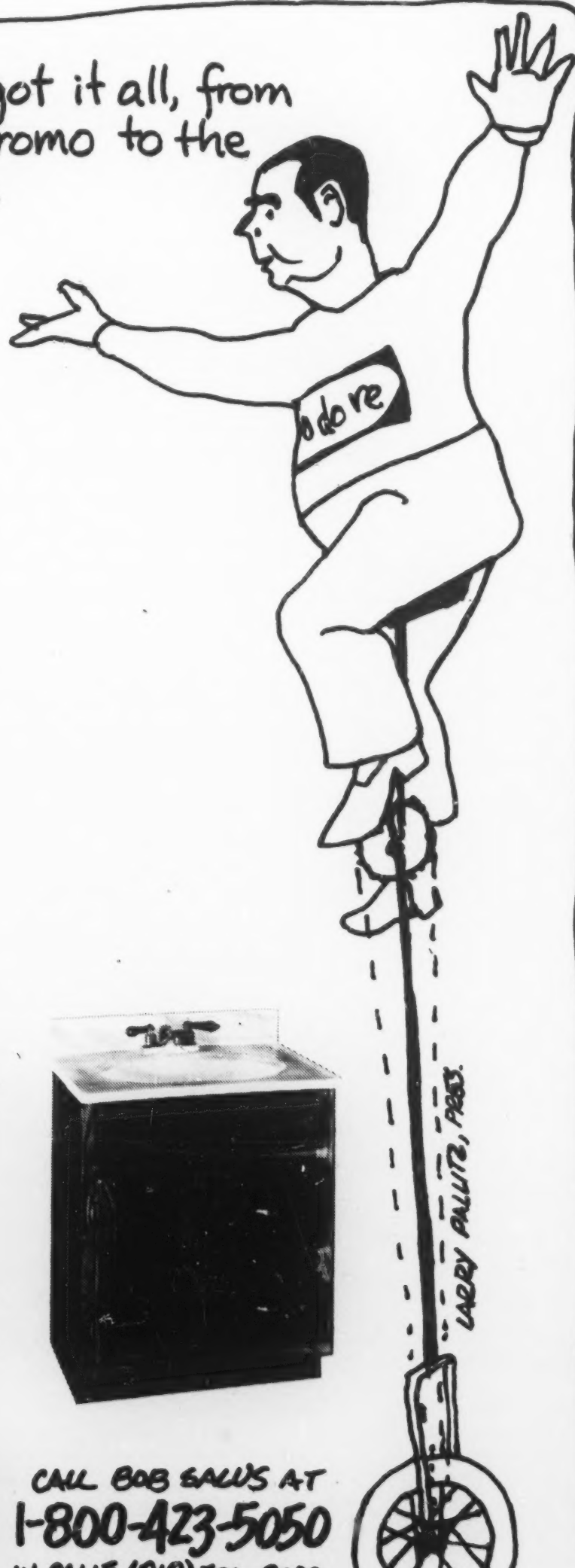
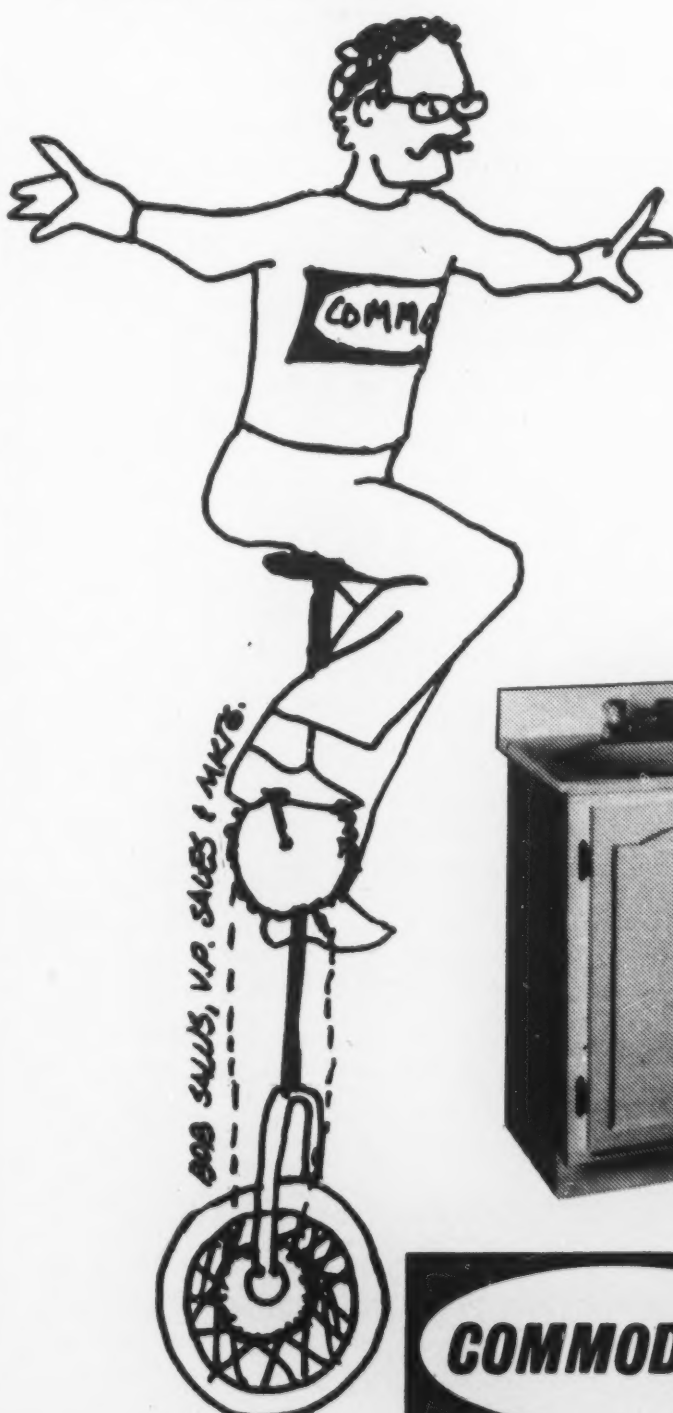
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Cost edges 'pleasure' in DIYers' decisions

(Continued from page 3)
appropriate product category sections.

The study does not give a broad-based portrait of all home center shoppers, as *New Shelter's* readership is mostly male, older, better educated and more affluent than the "typical" DIYer. However, the survey does serve as one of the most comprehensive barometers available in the industry on what the most active shoppers and buyers are doing in their homes.

One of the study's seminal findings was that saving money is not the sole criterion consumers use when deciding to take on a home remodeling project themselves, although it is their main reason.

Close to 9 out of 10 of the survey's home center shoppers said they undertook a DIY project because "it saves money." However, an almost equally high ratio—more than 8 of 10—said they engaged the job because "I enjoy doing the work myself." This "pleasure factor" increases to nearly 9 out of 10 of those consumers who said they were "advanced" or "expert" DIYers.

Three of five consumers thought doing a project themselves made them a more knowledgeable homeowner, and increased the value of their home. About the same number said that doing the job themselves allowed them to buy materials at a cheaper price than going through a contractor, a remarkable perception that probably stems from the effect the expansion of the warehouse home center has had on the pricing structure of many products.

One quarter of the survey's home center shoppers, and nearly half of those who said they were expert DIYers, indicated they want to handle the project on their own because "I can do it faster myself." Another 10% of the total, and 1 in 5 of the experts, indicated they took the job on because "I can't find a contractor who will do the work the way I like."

In terms of the kinds of projects these home center shoppers might do or have done, one in five of the survey's respondents said they remodeled their kitchens over the past 24 months, and more than 80% of these consumers did the job themselves and spent a median of \$1,330. DIY activity was

Major home improvement projects completed in last two years

	Total answering (1,648)*	Beginner (134)*	Intermediate (669)*	Advanced (639)*	Expert (133)*
Added a porch/patio/deck	14.0%	12.7%	12.7%	16.6%	12.0%
Added exterior rooms	7.8	8.2	7.2	8.6	6.8
Added new bathroom	6.7	5.2	5.1	8.6	9.8
Converted a basement to living space	6.7	11.9	6.1	7.0	6.0
Added garage	4.1	3.0	3.7	4.4	7.5

Source: New Shelter Magazine, Rodale Press Inc. NHCN chart

*those home center shoppers responding to the question

even higher among the quarter of home center shoppers who remodeled their bathrooms during this timeframe, with more than 90% doing the job on their own, and spending a median of \$599 for the work.

It should be noted, though, that only 6 in 10 of the respondents who said they were "beginner" DIYers tackled the bathroom remodeling job, compared with 100% of the experts.

The survey asked home center shoppers about which "major" home improvement pro-

jects they had conducted in the past two years, the expected completion of a project over the next year, and how important cost was to consumers when a project was on the drawing board.

The major improvement most frequently accomplished was the addition of a porch, deck or patio (see chart), which was done by about 14% of those polled. Another 8% had added a room, and 7% had either built on a bathroom or converted a basement to living space; 4%

added a garage.

With the exception of the garage project (where 70% of the active consumers did the job themselves), at least 8 out of 10 respondents conducted the project on their own.

Within these data, one finds some variance of DIY activity. More than 1 in 7 consumers aged 18 to 34, for example, said they added a porch or deck; more than 12% of those consumers living in the western United States had added a room; and nearly 12% of those "beginners"

said they converted a basement.

Over the next 12 months, a porch addition will remain the leading major project among the survey's respondents, with close to 14% planning to do the job. Around 1 in 10 said they would add a greenhouse to their homes, with about the same ratio of "expert" DIYers planning to add a new bathroom. Eleven per cent of consumers living in the South will add an exterior room to their homes.

When planning a "major" home improvement project, cost plays a far greater role in a consumer's buying decision than it might for simpler remodeling. The cost of kitchen or bath remodeling, on a scale of 1 to 10, received a rating of only around 5 among those home center shoppers polled. On the other hand, the cost of a major planned project got a median rating of 7.37. Nearly one-quarter of all home center shoppers, and 40% of DIY beginners, rated cost a 10.

Houston DIYers shop first at home centers

(Continued from page 3)

• Nine out of 10 consumers polled said they purchased something at a home center last year.

Additionally, 56% of the respondents said they have done some fix-up work in their homes in the last year, particularly painting, wallpapering, remodeling and repair chores, for a 1984 mean expenditure total of \$1,345, \$152 below the seven-market average and \$249 more than what they estimate they will spend next year despite their resolve to spend less, giving retailers an encouraging sign for the future.

Retailers Frank Denny, chairman and president of the 30-unit Builders Square headquartered in San Antonio, Daryl Lansdale, president of the central region of the W. R. Grace Co., which includes Handy Dan, and Arthur Blank, president of the 46-unit Atlanta-based Home Depot, all comment that Houston is an important city for home center retailing. "It's not robust," said Denny, "but it offers a better than average opportunity for the future."

Approximately 3.18 million people reside in the Houston

Metro Area, according to Sales and Marketing Management's 1985 report, making it the eighth largest city in the country. It generated nearly \$20.9 billion in total retail sales last year, also eighth in the nation, and building materials and hardware store sales were \$1.3 billion, second only to Los Angeles-Long Beach, which had almost \$1.7 billion in 1984.

More than 8 out of 10 consumers polled for the Shapiro report are homeowners who have lived in their houses for a mean 10.5 years and earn a mean income of \$33,600 a year, \$1,500 above the seven-market average and second only to Long Island, which posted a mean annual income of \$34,500.

C. A. Kasdorf, manager of research with the Houston Chamber of Commerce, noted that the city's economy is growing slowly, about 2.5% a year and that 30,000 new jobs are created annually.

In the last year, Builders Square has seen the change in the market. Denny said his average consumer ticket has risen from \$28 to \$33 this year. He doesn't think the retail climate is bad, and suggested, "You have to look at the underlying viability of the market."

A recent study by the National Planning Assn. found that "Despite a currently sluggish

economy [Houston] will lead all other metro areas in the country by adding 1.3 million jobs between 1982 and 2000," according to The Fuller Real Estate Market Report dated May 1985.

This is particularly good news for home center retailers especially since consumers in the Shapiro report said they bought 93% of their home improvement products at home centers last year.

And of the many products consumers shop for at home centers, 91% said they look for lumber and plywood, 65% said home insulation, 64% said bathroom sinks and vanities, 63% said doors and windows and 61% said they shop for electrical wiring and switches.

When they go to a home center in Houston, nearly half the respondents in the Shapiro study said they went to Handy Dan last year. Second was Furrow with about one-third of respondents, followed by Boise Cascade, which is leaving the market, with one-fifth of those polled saying they go there, and Builders Square with 1 of 10. (At the time the survey was done, March 1985, The Home Depot was not in Houston.)

Houstoners said they chose to shop at Handy Dan, which has been in the market the longest, since the late 1960's, most

often because its stores are conveniently located, priced competitively and offer variety.

Although consumers report they prefer to shop in home centers for their home improvement needs, Houston shoppers don't contain their purchases to home centers, they also visit hardware, discount and department stores.

According to the Shapiro study, Houston shoppers look first to home centers to satisfy their purchasing needs and then look second to department stores, particularly Sears.

When they go to Sears, half the shoppers are looking for portable power tools, 4 of 10 for hand tools, and one-third each for wall or house paint and garden tools.

Only a small percentage of the respondents identified hardware stores and discount retailers as places they will shop for home improvement products, but Denny and Lansdale insisted these retailers are viable competitors.

Of the consumers who said they shop at hardware stores for home improvement items, 10% each identified lock sets and hand tools as the products they shop for. Respondents who stop at discount stores for some of their home improvement needs said garden tools are what they look for.

Consumers just skim Houston DIY ads

HOUSTON — Despite the frenetic pace at which home center retailers in this city use the media to advertise their company names and products, consumers here report they spend just a mean 6.3 minutes a week reading home improvement ads, according to a recent survey.

In a report on consumer buying habits in seven metro markets—Houston, San Bernardino, Phoenix, Columbus, Long Island, Virginia Beach and Chicago—Houstoners spend less than the seven-market average of 6.9 minutes reading home improvement ads.

The survey, conducted last March by Leo J. Shapiro & Assoc., Chicago, also noted that most Houston respondents don't want to read large, multi-page ads or see home improvement advertising anywhere but in a newspaper.

Six out of 10 respondents in the survey said they want to see home improvement ads in the

newspaper because they read the newspaper and don't read mail ads.

Half the respondents who said they like to see home improvement ads once a week, find a mean 5.4 pages plenty to satisfy their need for information on sale items, prices and variety, but that one to two pages is sufficient enough to

convey a retailer's message.

In fact, nearly 36% of the respondents in Houston noted that one to two ad pages is best for them.

And only one-third of the Houston consumers polled said home improvement ads are needed on television, citing the biggest benefit to be that it lets them know what's on sale.

AHMA mulls show growth

(Continued from page 3)
make two-step procurement of goods less expensive.

Tom Peters, Author of "In Search of Excellence," who followed Merrifield, amplified on the need for value-added services, suggesting that "There is no steak. There is only sizzle."

Excellence, he asserted, comes from understanding customer needs and fulfilling them with quality and service, even if it requires tolerating the "irascible, erratic champions," the

workers who usually provide the most innovative products.

Both members of the AHMA and the NWA elected new officers during the convention. The new president of the hardware group, taking over from Brady, is Richard Mason, president of the Ames Co., Parkersburg, W. Va.

The wholesaler president, who takes over from Don Wolf, president, HWI, is Michael Tucker, president of D. H. Howden & Co.

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